Unemployment Insurance Review

July 1966

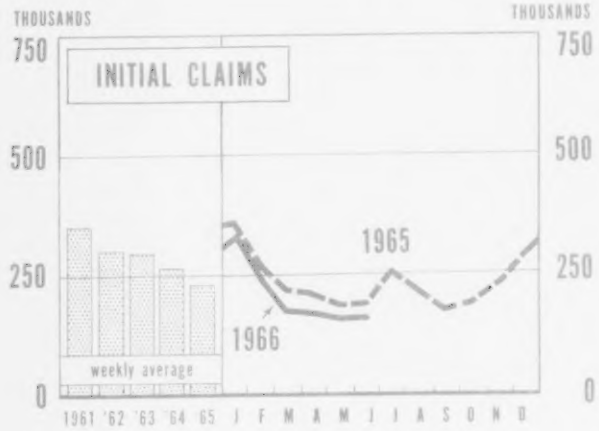
In this issue . . .

Experience-Rating Operations in 1965
Trends in the Economy—January–June 1966
Insured Unemployment in Fiscal Year 1966

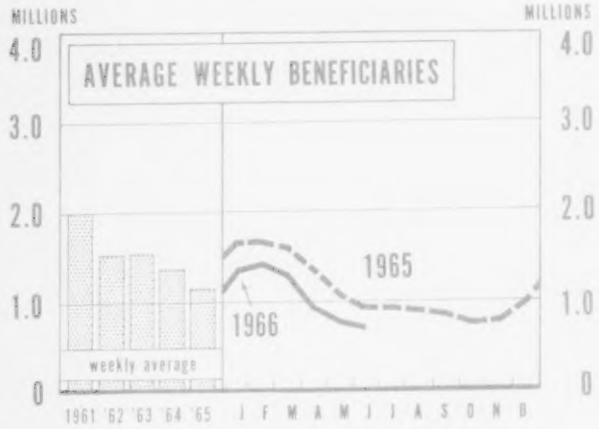
UNITED STATES DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION

UNEMPLOYMENT INSURANCE ACTIVITIES

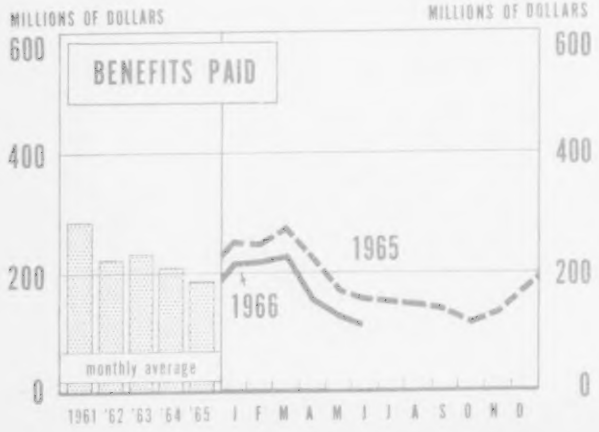
UNDER STATE PROGRAMS



Initial claims under State programs edged up by 4,000 in June to a weekly average of 156,300. This rise was about the expected increase for that month. Compared with a year earlier, initial claims were down by 34,800.



Beneficiaries under regular State unemployment insurance programs averaged 702,000 per week in June—the smallest number for any month in more than 10 years. In May, the average was 806,000; and it was 941,000 in May 1965.



Benefits paid to insured jobless workers under State programs totaled $114.4 million in June—a decrease of $11.8 million from the May figure and $41.9 million less than a year earlier.

Unemployment Insurance Review

July 1966
Vol. 3, No. 7 *

U.S. DEPARTMENT OF LABOR
W. Willard Wirtz, Secretary

MANPOWER ADMINISTRATION
Stanley H. Ruttenberg, Administrator

BUREAU OF EMPLOYMENT SECURITY
Robert C. Goodwin, Administrator

UNEMPLOYMENT INSURANCE SERVICE
William U. Norwood, Jr., Director

CONTENTS

ARTICLES

Experience-Rating Operations in 1965..... 1

Trends in the Economy—January–June 1966..... 5

Insured Unemployment in Fiscal Year 1966..... 10

DEPARTMENTS

Issues Reflected in Recent Appeals Decisions..... 13

Unemployment Insurance Decisions..... 18

Summary Statistics:

Tabulations..... 20

Charts..... Cover 2, 8, 9

Maps..... 12

*Erratum: *In the June issue of the* Unemployment Insurance Review, *the numbers for the volume and issue were erroneously transposed. They should have read "Vol. 3, No. 6."*

Experience-Rating

Annual

PASCHAL C. ZECCA

THE SOURCE of the data analyzed in the following summary of experience-rating operations for the calendar year 1965 is the Experience-Rating Report (form ES–204), submitted annually by the States to the Bureau of Employment Security. The beginning of the rate year for which individual employer tax rates are made applicable is January 1 in 43 States; in the other 8 States the effective date is April 1, June 30, or July 1.

Some significant revisions have recently been made in the report form. The results of these changes will be reflected in the reports for the rate year beginning in 1967, although some States are already submitting the revised reports for 1966.

The revised ES–204 report will include more information to meet the increasing need for analysis and interpretation. More information will be reported for active and inactive employer accounts and for positive and negative employer balances. The inclusion of *total* wage figures, where previously only *taxable* wages were provided, is a significant addition.

In 1965 the average employer contribution rate of the 52 State unemployment insurance systems (including Puerto Rico which has no experience-rating plan) was 2.12 percent of the aggregate State *taxable* wages, a decrease from the 2.21 percent in 1964 and 2.31 percent in 1963 (tables 1 and 2). The average contribution rate based on *total* wages was 1.18 percent in 1965, compared with 1.26 percent in 1964 and 1.34 percent in 1963.

In 1965, two States, Rhode Island and Washington, did not offer reduced rates to their employers; they taxed them at the standard rate of 2.7 percent. Experience rating, under which employers are taxed at rates lower than the standard rate in accordance with their unemployment experience, has been inoperative in Rhode Island since 1949 and in Washington since July 1, 1958, because the respective State reserve funds remained below the safety level prescribed by their laws.

Average Contribution Rates

Among the 49 States that assigned reduced rates to employers, the 1965 average employer contribution rate (employer contributions as a percent of *taxable* wages) varied from 0.7 percent in Iowa and Virginia to 3.0 percent in California and New York. Although this indicates a wide range in average contribution rates, only a few States were at the lower end of the scale. Only 4 States had average rates of less than 1.0 percent, while 33 States had average rates of 1.5 percent or more, and 19 States had 2.0 percent or more. This distribution paralleled closely that for the previous year, but it does not indicate the extent to which the States moved up or down in their average contribution rates. In terms of specific averages, 28 States had the same, or substantially the same, average rate in 1965 as in the year before; 16 States experienced declines; and 5 States had increases.

State comparisons of contribution rates, however, may be computed on the basis of *effective* tax rates (tax rates as a percent of *total* wages) to avoid incomparability because of differences in State tax bases. There are now 18 States that provide for a taxable wage base above the $3,000 ceiling provided in the Federal Unemployment Tax Act (the two most recent such legislative enactments became effective January 1, 1966). Contribution rates based on *taxable* rather than *total* wages tend to overstate the rates of low tax-base States as compared with those of relatively high tax-base States. On the basis of *total* wages, Alaska, with a tax base of $7,200, had the highest contribution rate in 1965—2.4 percent. Iowa and Virginia still had the lowest, but at a much lower rate than on the basis of *taxable* wages—0.4 percent in both instances.

Several observations may be noted with regard to employer contribution rates. First of all, these rates are subject to wide variations among the States, or in a given State over a period of time, primarily because of differences in employer experience with unemployment. There are, however, a number of other factors that help to explain differences in average tax rates, and they are not related basically to economic considerations. One

Office of Actuarial and Financial Services, Unemployment Insurance Service, Bureau of Employment Security.

Operations in 1965

Summary

of these is in the financing arrangements undertaken to meet benefit costs. A system can be underfinanced for some time, thus introducing a downward bias on the tax-rate side which may obscure valid comparisons with the tax rates of other States. Under such circumstances, the average tax rate of a State may fail to reflect an unfavorable unemployment experience because of its low tax take, as compared to another State. Average contribution rates may vary also because of the nature of the different experience-rating systems involved. Under the reserve-ratio system, for example, because of the method used in determining rates, tax rates change more slowly under changing conditions than do rates assigned under most other plans. In contrast, the benefit-ratio type of plan is more sensitive to changes in benefit costs, and changes are reflected more rapidly in tax rates. Therefore, in analyzing State differences in average tax rates, there are many factors to be taken into account before one can derive positive answers.

Modification of Employers' Contribution Rates

Under experience-rating, employers may be assigned rates lower than the standard rate, depending on their unemployment experience. Employers ineligible for rate modification because of insufficient experience (*unrated* employers) pay the standard rate for a minimum number of years, in compliance with Federal standards. This rate is 2.7 percent in 43 States and 2.8 to 4.2 percent in the remaining 8 States. In many States, however, some *rated* employers may pay above-standard rates.

TABLE 1.—AVERAGE EMPLOYER CONTRIBUTION RATE,[1] BY TYPE OF EXPERIENCE-RATING PLAN, 1946–1965
[RATES EXPRESSED AS PERCENT OF TAXABLE WAGES]

Year	Rate all States	All experience-rating States		Reserve ratio plan		Benefit-wage ratio plan		Benefit ratio plan		Payroll variation plan		Other plan 2/	
		Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
1946...	1.41	45	1.37	28	1.45	8	.97	5	1.34	1	1.81	3	1.98
1947...	1.41	50	1.40	28	1.41	8	.98	6	1.44	4	1.97	4	2.00
1948...	1.24	51	1.24	28	1.28	8	1.00	6	1.52	5	1.73	4	1.24
1949...	1.31	51	1.31	29	1.19	7	1.07	6	1.39	5	2.09	4	1.76
1950...	1.49	51	1.49	30	1.38	7	1.03	6	1.12	5	2.30	3	2.50
1951...	1.58	51	1.58	30	1.41	7	1.34	6	1.30	5	1.92	3	2.57
1952...	1.45	51	1.45	31	1.39	6	.91	6	1.25	5	1.84	3	2.28
1953...	1.30	51	1.30	31	1.25	6	.77	6	1.21	5	1.82	3	1.94
1954...	1.12	51	1.12	31	1.14	6	.56	6	1.00	5	1.93	3	1.51
1955...	1.18	50	1.18	32	1.23	6	.66	5	.79	4	1.89	3	1.45
1956...	1.32	50	1.32	32	1.39	6	.91	5	.91	4	2.01	3	1.45
1957...	1.31	50	1.31	32	1.35	6	.84	5	.84	4	2.04	3	1.69
1958...	1.32	50	1.32	32	1.42	6	.69	5	.88	4	2.28	3	1.53
1959...	1.71	50	1.71	32	1.80	6	1.01	5	1.58	4	2.38	3	1.96
1960...	1.88	51	1.88	32	1.76	6	1.49	6	2.34	4	2.36	3	2.23
1961...	3/ 2.06	51	2.06	32	1.87	6	1.55	6	2.59	4	2.36	3	2.78
1962...	3/ 2.36	51	2.36	32	2.22	6	1.69	6	2.74	4	2.35	3	3.23
1963...	3/ 2.31	51	2.31	32	2.22	6	1.61	6	2.61	4	2.51	3	3.06
1964...	3/ 2.21	51	2.21	31	2.23	6	1.48	7	2.50	4	2.38	3	2.59
1965...	3/ 2.12	51	2.12	31	2.11	6	1.17	8	2.31	3	2.47	3	2.89

1/ Excludes war-risk contributions which were collected 1943-46.
2/ In 1965 includes Connecticut (compensable-separations), Montana (combined payroll-variation and benefit-ratio), and New York (combined payroll-variation and reserve ratio).
3/ Includes Puerto Rico which has no experience-rating plan.

TABLE 2.—EMPLOYER CONTRIBUTION RATES, BY TYPE OF EXPERIENCE-RATING PLAN AND STATE, 1963–65

Type of plan and State 1/	Tax base ($3,000 except as shown, with effective dates)	Range in 1965 employer tax rates (percent of taxable wages)		Average employer tax rates: 2/ contributions as a percent of-					
				Taxable wages			Total wages		
		Maximum	Minimum	1965 6/	1964	1963	1965 6/	1964	1963
TOTAL, 51 States 3/				2.1	2.21	2.31	1.2	1.25	1.34
Reserve-ratio plan:									
Arizona 4/	$3,600 (1/65)	2.7	0.2	1.5	1.45	1.50	1.0	.83	.88
Arkansas 4/		3.6	.5	1.7	1.49	1.46	1.2	1.04	1.04
California	3,800 (1/62)	3.5	2.2	3.0	3.02	3.05	1.9	1.83	1.90
Colorado 4/		2.7	.5	1.3	1.59	1.33	.7	.89	.76
District of Columbia 4/		2.7	1	1.1	.89	.83	.6	.48	.49
Georgia		4.2	2.5	1.3	1.30	1.37	.8	.82	.89
Hawaii	4,200 (1/65)	3.0	.7	2.0	2.25	1.70	1.5	1.51	1.21
Idaho	3,600 (1/63)	4.5	.9	2.2	2.17	2.15	1.5	1.48	1.51
Indiana 4/		2.7	1	1.1	1.22	1.25	.6	.65	.69
Iowa 4/		2.7	.0	.7	.77	.80	.4	.44	.46
Kansas 4/		2.7	.0	1.4	1.43	1.25	.8	.82	.74
Kentucky 4/		4.0	.6	1.7	1.92	2.04	1.0	1.14	1.25
Louisiana		2.7	.9	2.0	1.94	1.97	1.2	1.13	1.17
Maine 4/		2.7	.7	1.9	1.99	2.12	1.3	1.29	1.41
Massachusetts	3,600 (1/62)	3.9	1.1	2.6	2.70	2.49	1.7	1.68	1.61
Michigan 4/	3,600 (4/63)	4.6	.0	2.3	2.63	2.96	1.3	1.44	1.66
Missouri 4/		3.6	.0	1.4	1.42	1.47	.8	.77	.82
Nebraska 4/		2.7	.1	1.0	1.26	1.28	.6	.74	.78
Nevada	3,800 (4/65)	3.0	.6	2.0	2.70	2.70	1.4	1.71	1.77
New Hampshire		4.0	.3	1.7	1.65	1.61	1.1	1.04	1.05
New Jersey 4/		3.9	.7	2.3	2.36	2.43	1.2	1.21	1.29
New Mexico		3.0	.1	1.3	1.31	1.32	.8	.78	.81
North Carolina 4/		3.7	.4	1.4	1.52	1.61	1.0	1.02	1.12
North Dakota 4/		5/4.2	1.1	2.4	2.42	2.48	1.5	1.51	1.55
Ohio 4/		4.7	.6	2.4	2.86	2.09	1.3	1.45	1.10
Rhode Island	3,600 (1/56)	2.7	(3/)	2.7	2.70	2.70	1.9	1.82	1.87
South Carolina 4/		4.1	.6	1.3	1.38	1.42	.9	.94	1.00
South Dakota 4/		3.6	.0	.9	1.00	1.13	.6	.62	.71
Tennessee	3,300 (1/63)	4.0	.7 5	1.8	1.77	1.75	1.2	1.17	1.18
West Virginia 4/	3,600 (1/62)	2.7	.0	1.2	1.15	2.70	.8	.72	1.74
Wisconsin 4/		4.4	.0	1.7	1.54	1.55	.9	.82	.84
Benefit-wage-ratio plan:									
Alabama		2.7	.5	1.3	1.60	1.99	.8	.98	1.26
Delaware	3,600 (1/55)	3.6	.7	1.8	2.19	2.36	1.0	1.22	1.35
Illinois		4.0	.1	1.3	1.93	2.05	.7	.98	1.07
Oklahoma		2.7	.4	1.5	1.50	1.86	.9	.97	1.11
Texas		2.7	.1	.9	.93	.88	.5	.54	.53
Virginia		2.7	.1	.7	.91	1.24	.4	.56	.79
Benefit-ratio plan:									
Florida		4.0	1	1.2	1.33	1.40	.8	.81	.88
Maryland		4.1	.8	2.5	2.85	3.15	1.5	1.63	1.85
Minnesota 4/		3.0	.6	1.5	1.35	1.40	.8	.72	.78
Mississippi		2.7	1.2 4	1.6	2.29	2.34	1.1	1.59	1.66
Oregon	3,600 (1/65)	2.7	1.2	1.9	2.31	2.70	1.3	1.54	1.86
Pennsylvania 4/	3,600 (1/64)	4.0	1.0	2.9	3.06	3.19	1.7	1.89	1.79
Vermont	3,600 (1/64)	4.1	1.1	2.3	1.88	1.74	1.6	1.33	1.13
Wyoming 4/		3.2	.6	3.0	3.12	2.88	1.3	1.92	1.78
Payroll-variation plan:									
Alaska	7,200 (1/60)	4.0	1.5	2.9	2.94	2.87	2.4	2.39	2.38
Utah	4,200 (1/64)	2.7	1.1	1.5	1.38	1.96	1.1	.96	1.13
Washington		2.7	(3/)	2.7	2.70	2.70	1.5	1.44	1.48
Compensable-separation plan:									
Connecticut		2.7	1.5	2.1	2.10	2.09	1.1	1.09	1.12
Payroll variation and reserve ratio:									
New York 4/		4.2	1.9	3.0	2.69	3.24	1.6	1.39	1.73
Payroll variation and benefit ratio:									
Montana 4/		2.7	.5	1.5	1.52	1.53	.9	.95	.97

1/ States classified by type of plan in effect at end of 1965. Since 1959, only two States have made a change in their experience rating system; Oregon, from reserve-ratio plan to benefit-plan effective January 1, 1964, and Mississippi from payroll variation plan to benefit-ratio plan, effective January 1, 1965.
2/ Computed on a calendar-year basis. Includes effect of voluntary contributions collected from employers during the year; see footnote 4.
3/ Reduced rates for employers (reduction of the Standard rate through experience rating) were not assigned in Rhode Island and Washington.
4/ State law provided for voluntary contributions during the 1965 rate year.
5/ In North Dakota the rate of contributions for employment covered by an election is 7.0 percent, unless the employer qualifies for a rate of less than the standard rate.
6/ Estimates of average rates based on taxable wages prepared by State employment security agencies; estimates based on total wages prepared by Bureau of Employment Security.

Among the 49 States that had experience rating in effect in 1965, the range in contribution rates paid by *rated* employers varied widely (table 3). In 30 States, some employers paid contributions at rates above 2.7 percent, accounting for 25.7 percent of taxable wages; 17 States and 5.9 percent of taxable wages were in rate groups of 4.0 percent and above. At the lower end of the contribution-rate scale, some employers in 8 States were assigned a zero rate and some in 38 States contributed at rates below 1.0 percent, accounting for 1.1 percent and 24.9 percent, respectively, of taxable wages. Although the number of States that tax employers at rates above 2.7 percent has increased substantially since the late 1950's, there has not been a similar movement in the proportion of taxable wages so taxed. The proportion of taxable wages taxed at higher rates decreased in 1964 and 1965 as a result

of generally lower rates, which is reflected also in the average contribution rate for these years. These comparisons are shown in the following table.

EMPLOYER CONTRIBUTION RATE

Year	0.0	Under 0.6	Under 1.0	Over 2.7	4.0 and over
			NUMBER OF STATES		
1959	8	35	43	12	3
1960	8	32	38	15	9
1961	8	30	36	17	9
1962	7	25	33	23	10
1963	7	24	32	26	15
1964	8	25	31	30	16
1965	8	24	38	30	17
			PERCENT OF TAXABLE WAGES		
1959	3.1	24.1	37.9	8.2	1.3
1960	2.2	16.7	26.8	16.2	6.7
1961	1.5	13.8	24.4	22.0	7.8
1962	1.4	9.7	18.1	33.8	7.5
1963	1.2	9.3	19.0	35.2	9.9
1964	1.3	11.2	21.1	32.1	7.6
1965	1.1	13.2	24.9	25.7	5.9

Noncharging of Benefits

In most States, certain types of benefit payments are not charged against the accounts of individual employers, either because they are not necessary for a fair representation of their experience or because the compensable weeks of unemployment involved are attributable to the worker's act or condition rather than the employer's and therefore not considered a part of the employer's experience.

State laws vary considerably in their noncharging provisions. The types of benefits that are not charged to an individual employer's experience are those based on short-term employment, dependent's allowances, those paid following a period of disqualification or a potentially disqualifying act for which no disqualification was imposed, or those for voluntary quit, misconduct, or refusal to accept suitable work.[1]

[1] For a summary of the noncharging provisions of State laws, see *Comparison of State Employment Insurance Laws* as of January 1, 1966, BES No. U–141, p. TT–9, table TT–5, Bureau of Employment Security, U.S. Department of Labor.

TABLE 3.—PERCENTAGE DISTRIBUTION OF TAXABLE WAGES OF RATED ACCOUNTS, BY CONTRIBUTION RATE AND TYPE OF EXPERIENCE-RATING PLAN, RATE YEAR BEGINNING IN 1965

Type of plan and State 1/	Amount of taxable wages of rated accounts (in thousands) 2/	Percentage distribution of taxable wages by employer contribution rate											
		Total	0.0	0.1	0.2 - 0.5	0.6 - 0.9	1.0 - 1.8	1.9 - 2.6	2.7	2.71 - 3.1	3.2 - 3.5	3.6 - 3.9	4.0 and over
TOTAL, 49 States 3/	$120622073	1000	11	32	89	117	215	208	71	73	70	55	59
Reserve-ratio plan 3/	67880865	1000	20	21	65	118	242	174	81	91	95	37	56
Arizona 4/5/	815761	1000	—	—	145	212	427	107	109	—	—	—	—
Arkansas 5/	784369	1000	—	—	182	246	243	98	111	96	—	125	—
California	14015618	1000	—	—	—	—	—	264	120	287	331	—	—
Colorado 5/	1097922	1000	33	—	66	450	297	—	153	—	—	—	—
Dist. of Col. 5/	747695	1000	—	498	118	—	202	36	146	—	—	—	—
Georgia 4/	2215555	1000	—	—	234	187	422	93	48	5	2	2	7
Hawaii	457738	1000	—	—	—	96	562	140	—	202	—	—	—
Idaho	361199	1000	—	—	—	86	379	264	128	24	24	48	48
Indiana 5/	3395099	1000	—	185	307	—	332	42	134	—	—	—	—
Iowa 5/	1272961	1000	253	85	381	145	24	12	101	—	—	—	—
Kansas 5/	1015516	1000	26	—	57	198	488	61	170	—	—	—	—
Kentucky 5/	1275427	1000	—	—	—	414	198	—	898	—	—	—	105
Louisiana	1559653	1000	—	—	—	354	277	54	315	—	—	—	—
Maine 5/	527412	1000	—	—	—	404	324	115	156	—	—	—	—
Massachusetts	4969390	1000	—	—	—	—	164	349	53	82	288	123	—
Michigan 5/	6660157	1000	(6/)	(6/)	(6/)	135	322	225	20	26	12	19	239
Missouri 5/	2733454	1000	130	6	33	170	410	123	52	—	—	79	—
Nebraska 5/	679490	1000	—	82	565	—	173	34	147	—	—	—	—
Nevada	358013	1000	—	—	—	205	340	197	258	—	—	—	—
New Hampshire	439499	1000	—	—	127	314	169	186	104	31	8	2	58
New Jersey 5/	4715614	1000	—	—	—	141	264	211	—	167	—	217	—
New Mexico	417905	1000	—	239	134	259	196	45	16	112	—	—	—
North Carolina 5/	2712975	1000	—	—	246	194	282	139	86	10	7	36	—
North Dakota 5/	193333	1000	—	—	—	—	593	165	25	39	21	22	134
Ohio 5/	7324893	1000	—	—	—	128	353	152	—	43	64	34	226
Rhode Island 3/	—	—	—	—	—	—	—	—	—	—	—	—	—
South Carolina 4/5/	1285075	1000	—	—	—	429	361	74	108	8	9	3	9
South Dakota 5/	205251	1000	468	—	216	—	178	40	—	10	—	88	—
Tennessee	2031788	1000	—	—	—	261	451	101	101	24	11	10	39
West Virginia 5/	1007252	1000	230	136	149	67	80	112	227	—	—	—	—
Wisconsin 5/	2611851	1000	114	—	172	—	334	197	—	58	23	—	106
Benefit-wage-ratio plan	18984182	1000	—	100	283	196	217	76	83	6	4	8	25
Alabama 4/	1589342	1000	—	—	384	157	283	102	134	—	—	—	—
Delaware	428725	1000	—	—	—	528	197	78	5	17	16	159	—
Illinois	8211492	1000	—	71	209	190	286	76	133	9	10	57	—
Oklahoma	1121450	1000	—	—	94	340	297	118	151	—	—	—	—
Texas 4/	5453954	1000	—	168	370	166	143	53	100	—	—	—	—
Virginia	2170220	1000	—	191	420	215	99	34	51	—	—	—	—
Benefit-ratio plan	17810620	1000	—	29	50	133	227	209	36	87	42	31	158
Florida 4/	2704534	1000	—	148	331	191	148	57	4	12	13	7	49
Maryland	2145994	1000	—	—	—	131	512	132	—	74	38	18	100
Minnesota 5/	1971443	1000	—	—	—	765	233	—	9	202	—	—	—
Mississippi	759104	1000	—	—	—	—	446	294	259	—	—	—	—
Oregon	1463131	1000	—	—	—	—	500	402	98	—	—	—	—
Pennsylvania 5/	8352888	1000	—	—	—	—	156	241	34	112	66	58	293
Vermont	246483	1000	—	—	—	—	270	274	—	86	180	89	100
Wyoming 5/	165041	1000	—	—	—	161	305	220	—	37	277	—	—
Payroll-variation plan 3/	877080	1000	—	—	—	—	678	171	1	26	50	51	24
Alaska	219258	1000	—	—	—	—	200	198	—	102	200	202	98
Utah	657822	1000	—	—	—	—	837	162	1	—	—	—	—
Washington 3/	—	—	—	—	—	—	—	—	—	—	—	—	—
Compensable-separation plan	2356361	1000	—	—	—	—	306	617	76	—	—	—	—
Connecticut	2356361	1000	—	—	—	—	306	617	76	—	—	—	—
Payroll variation and reserve ratio	12397897	1000	—	—	—	—	—	522	49	72	86	270	—
New York 5/	12397897	1000	—	—	—	—	—	522	49	72	86	270	—
Payroll variation and benefit ratio	307068	1000	—	—	188	241	273	94	205	—	—	—	—
Montana 5/	307068	1000	—	—	188	241	273	94	205	—	—	—	—

1/ Classified by type of plan in effect at end of 1965.
2/ All rated accounts; excludes accounts newly subject after State cut-off dates for preparation of reports.
3/ Totals exclude the two States which did not assign employers any reduced rates for 1965 rate year: Rhode Island under reserve-ratio plan and Washington under payroll-variation plan.
4/ For Alabama, Arizona, Florida, Georgia, South Carolina, and Texas data exclude newly qualified employers assigned reduced rates after computation date.
5/ Includes effects of voluntary contributions made toward credit for 1965 rates.
6/ Less than 0.05 percent.

TABLE 4.—NONCHARGED BENEFITS DURING 12 MONTHS PRECEDING COMPUTATION DATE FOR 1965 RATE YEAR, BY EXPERIENCE-RATING PLAN AND STATE

Type of plan and State 1/	Date 1965 rate-year began	Computation date	Benefits paid in 12 months preceding computation date 2/ (amount in thousands)		
			Total amount	Noncharged	
				Amount	Percent of total
Reserve-ratio plan:					
Arizona	Jan. 1	July 1, 1964	$12,737	$2,846	22.4
Arkansas	do	June 30, 1964	12,788	2,566	20.1
California	do	do	390,224	59,207	15.2
Colorado	do	July 1, 1964	14,370	644	4.5
District of Columbia	do	June 30, 1964	10,117	188	1.9
Georgia	do	Dec. 31, 1964	19,643	2,843	14.5
Hawaii	do	do	11,712	2,756	23.5
Idaho	do	June 30, 1964	8,535	1,626	19.0
Indiana	do	June 30, 1964	37,374	0	
Iowa	do	Oct. 1, 1964	10,419	20	.2
Kansas	do	June 30, 1964	16,415	2,499	15.2
Kentucky	do	Dec. 31, 1964	25,687	2,039	7.9
Louisiana	do	June 30, 1964	27,025	646	2.4
Maine	July 1	Dec. 31, 1964	9,131	996	10.9
Massachusetts	Jan. 1	Sept. 30, 1964	137,278	26,665	19.4
Michigan	do	June 30, 1964	80,836	609	.8
Missouri	do	do	39,034	5,266	13.5
Nebraska	do	Dec. 31, 1964	8,974	1,905	21.2
Nevada	do	June 30, 1964	9,103	1,838	20.2
New Hampshire	July 1	Jan. 1, 1964	6,719	573	8.5
New Jersey	do	Dec. 31, 1964	150,922	16	(3/)
New Mexico	Jan. 1	June 30, 1964	8,332	1,581	19.0
North Carolina	do	Aug. 1, 1964	38,051	5,979	15.7
North Dakota	do	Dec. 31, 1964	5,605	145	2.6
Ohio	do	July 1, 1964	127,063	3,437	2.7
Rhode Island	do	Sept. 30, 1964	15,514	0	
South Carolina	do	July 1, 1964	16,113	6,530	40.5
South Dakota	do	Dec. 31, 1964	3,335	418	12.5
Tennessee	July 1	do	29,123	2,257	7.7
West Virginia	Jan. 1	June 30, 1964	158,803	22,228	14.1
Wisconsin	do	do	46,918	8,935	19.0
Benefit-wage ratio plan: 2/					
Alabama	Apr. 1	Dec. 31, 1964	119,675	17,927	15.0
Delaware	Jan. 1	Oct. 1, 1964	57,864	8,314	14.4
Illinois	do	June 30, 1964	573,619	0	
Oklahoma	do	Dec. 31, 1964	75,775	16,750	22.1
Texas	do	Oct. 1, 1964	364,290	104,069	28.6
Virginia	do	June 30, 1964	84,900	6,833	8.0
Benefit-ratio plan:					
Florida	do	Dec. 31, 1964	24,326	2,658	10.9
Maryland	July 1	Mar. 31, 1964	32,620	6,071	18.6
Minnesota	Jan. 1	June 30, 1964	38,629	9,408	24.4
Mississippi	do	do	12,635	5,539	43.8
Oregon	do	do	24,857	1,656	6.7
Pennsylvania	do	do	211,069	8,664	4.1
Vermont	July 1	Dec. 31, 1964	5,999	1,241	20.7
Wyoming	Jan. 1	June 30, 1964	3,155	669	21.2
Payroll-variation plan:					
Alaska 4/	do	do			
Utah 4/	do	Jan. 1, 1964			
Washington 4/	June 30	do			
Compensable-separation plan:					
Connecticut 5/	Jan. 1	June 30, 1964			
Payroll variation and reserve ratio:					
New York	do	Dec. 31, 1964	411,029	4,890	1.2
Payroll variation and benefit ratio:					
Montana	do	June 30, 1964	7,347	2,625	35.7

1/ Classified by type of plan in effect at end of 1965.
2/ For experience rating purposes; benefit wages (all wages used as a basis for drawing benefits) used in the six benefit wage-ratio States, benefit payments used in all other plans.
3/ Less than 0.05 percent.
4/ Charging of benefits not applicable.
5/ Data not available because compensable separation formula does not include as charges the total amount of benefits paid.

Although uncharged benefits do not directly affect the contribution rate of employers as do benefit payments charged to individual employers under an experience-rating formula, they constitute expenditures that must be met. The financing of noncharges may take the form of additional taxes to all employers, for example, a surtax (Wyoming), a "solvency contribution" to produce a specified adequate reserve level (Wisconsin), a "general experience rate" (Mississippi). Some States, however, meet noncharges in an indirect way, that is, by the use of additional revenue (interest income, lapsed employer positive balances, and so on) or by some fund protective device that adjusts a proper balance between income and outgo.

For 41 of the 47 States that have noncharging provisions, the proportion of benefits not charged to individual employers during the 12 months preceding the computation date for rate year 1965 was 9.1 percent. This figure varied from 0 in Indiana to 43.8 percent in Mississippi (table 4). Eleven States, or over a fourth of those with noncharging provisions, had more than 20 percent of their

benefits noncharged. The six States that operate under the benefit-wage ratio experience-rating formula and report as noncharged the "benefit wages" (all wages used by employees as a basis for drawing benefits) rather than the amount of benefits, reported 12.1 percent in this category.

Trends in the Economy

January–June 1966

ECONOMIC GAINS continued in June but the rate of advance was somewhat slower than that of the earlier months of this year. During the month, personal income rose substantially, and industrial production and retail sales had minor increases. On the other hand, new durable goods factory orders and shipments edged downward. Private housing starts were down to their lowest level in 5 years.

Although the pace of activity has slowed in recent months, the overall economic posture during the first 6 months of 1966 was one of good growth, with most key indicators rising well above the July–December period of 1965. *Gross national product* scored two fairly strong gains, and industrial production and new durable goods orders were also upside features. Retail selling did well and construction spending held steady. The major soft spots noted during the January–June period were the decline of auto sales and a continuance of the slump in housing starts.

Business Activities

Gross national product grew in the second quarter by $11 billion, to a seasonally adjusted annual rate of $732 billion (preliminary). This rise compares with $17 billion in the first quarter of the year and an average quarterly gain of $15 billion during 1965. A tapering off in consumer spending, following a prolonged period of rapid gains, was a dominant factor in the second-quarter slowdown. Purchases of automobiles dropped $3 billion from the first quarter high rate, and spending for other durable goods eased off from the substantial rates in earlier quarters. The rise in purchases of nondurables was more moderate than in the previous quarter. Only services registered a gain in line with those of earlier quarters.

Gross private domestic investment advanced by $3.9 billion, with most of the gain (about $3 billion) stemming from increases in business inventories. A rise in automobile stocks, reflecting the decline in purchases, was a significant factor in this increase.

Government purchases were $4.4 billion (annual rate) higher in the second quarter than in the first, with about three-fifths of the rise stemming from increased Federal Government expenditures. State and local government spending was up by $1.7 billion.

Compared with the second quarter a year earlier, GNP was up by some $59 billion. Increased consumer spending accounted for $32.1 billion of the rise, and within this category the gain in nondurables and services expenditures came to $15.3 billion and $14.0 billion, respectively. Gross private

Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

domestic investment advanced by $14.7 billion, and government purchases were up by about $15 billion. Higher expenditures by the Federal Government accounted for some $9 billion of the increase in government spending.

Industrial production was at a record high in June, but the rate of advance showed a slight easing from May. Output during the month was measured at 155.8 percent (seasonally adjusted) of the 1957–59 base, up by 0.8 points from May. The rise was significantly smaller than the gain of 1.3 points in both March and May, but somewhat larger than April's increase of 0.3 points.

A factor in the May–June gain was a 0.5-point rise in the automobile manufacturing index (up to 168 percent), reversing a 2-month decline. The current automobile index, however, is some 19.1 points below the June 1965 index. All told, 821,000 automobiles were produced during June, whereas 749,500 were turned out in May; and last June production totaled 899,000 units. The index for all manufacturing was 158.5 percent in June, or 0.8 percent more than in May. Durable goods output rose, by 0.8 points, to 165.1 percent and nondurables rose, by 0.7 points, to 150.2 percent. Within the durables group, steel output totaled 11.4 million tons, compared with the 12.2 million tons of the previous month. Mining production edged up to 118.4 percent from May's 118.1 percent; and the utilities index gained 0.5 point, to 169.5 percent.

Industrial production in the January–June period averaged some 153.3 percent of the base, compared to 145.4 percent in the preceding 6 months. The index for manufacturing rose to 156 percent, up 9 points; durables output gained 11 points to an average of 162 percent, and nondurables output, at 148 percent, was up 6 points. The mining index measured 118 percent, 4 points above the July–December period; and utilities output gained 4 points, to 168 percent.

New factory orders for durable goods edged down in June to a seasonably adjusted $24.1 billion from the $24.2 billion of both April and May. Defense products, at $3.3 billion, were up by $400 million, following a drop of $400 million in the previous month. Transportation equipment gained by $200 million from the May figure to $6.7 billion; and machinery, at $7 billion, topped May's performance by $100 million. On the other hand, the primary metals category was off by $200 million to $4.1 billion.

Compared with June a year earlier, all major groupings registered substantial increases. The sharpest gain—some $900 million—was in machinery orders. Orders of transportation equipment rose by $800 million; defense products, by $700 million; and primary metals, by $600 million.

June *shipments of durable goods* moved down to $22.8 billion (seasonally adjusted), trailing the month before by $200 million. However, this was $2.8 billion greater than the shipment figure of last June. The *backlog of durable goods orders* continued to grow as new orders in June outpaced shipments. As a consequence, the June backlog rose to $70.7 billion, $200 million more than that of May and $800 million above June a year ago.

Construction spending fell in June to a seasonally adjusted annual rate of $73.7 billion, down from the $74.1 billion rate in May and $76.8 billion in April. During the first 6 months of 1966, construction expenditures were at an annual rate of $76.0 billion, up by about $3 billion from the $72.8 billion rate recorded in the July–December period of 1965. Virtually all of the increases took place in the private spending sector which averaged $53.3 billion. The largest gains within that sector were noted in nonresidential buildings, chiefly in the industrial and commercial groups. Public construction spending was at an average annual rate of $22.6 billion in the first half of 1966, compared with the $22.3 billion rate of the preceding period.

Housing construction continues to be one of the weakest points in the economy, with the slump showing few signs of immediate improvement. June's *annual rate of housing starts* fell to 1,288,000 units and, although this was only slightly less than the rate of the previous month, it was the lowest rate for any month since May of 1961. On a regional basis, the sharpest drop occurred in the West and more moderately in the North Central region, while increases were noted in the North, East, and South. In the first half of this year, the annual rate dropped to 1,440,000 units from the 1,513,000 rate recorded in the last 6 months of 1965.

A sharp decline in the *rate of building permits* reflected the sluggishness in the housing industry. The permit pace dropped by 14 percent in June to 941,000, following a 7-percent reduction in May; a year earlier the rate was 1,245,000. All regions showed over-the-month declines, with the sharpest reduction in the North Central region.

Permits for dwellings to house five or more

families fell considerably from May, dropping to a rate of 309,000 units from 434,000 the previous month and 462,000 in June 1965. Permits, in the two- to four-family units area, declined to an annual rate of 58,000, from 68,000 in the previous month; while for the single-family units the annual rate fell to 574,000, from 596,000 units in May and 698,000 in June 1965.

Personal income picked up in June, following relatively small increases in April and May. The increase of $3.4 billion (annual rate)—about equal to the average monthly gain recorded in the first quarter of the year—carried the level to $576.4 billion (seasonally adjusted).

Some 80 percent of the May–June increase occurred in the wages and salaries category, which was up by $2.7 billion to an annual rate of $339.7 billion. The gain in this key sector was widespread, with advances occurring in all major industry groups. Especially large gains were reported in government, construction, trade, and services. Factory payrolls rose by $600 million—$100 million less than the rise of the previous month—to a $126.5 billion annual rate.

Most of the other income categories also gained over the month. Farm income, however, declined to an annual rate of $20.7 billion, a reduction of $300 million from May; farm income also had dropped, by $400 million, between April and May.

During the January–June period, personal income was at an average annual rate of $568.9 billion, some $21 billion above the annual rate of the previous 6-month period. A significant part of the gain took place in the payroll sector as wages and salaries moved up to a seasonally adjusted rate of $383.5 billion from the $365.8 billion of the previous 6-month period. (The gain between the first and second halves of 1965 had also been about $15 billion.) Manufacturing payrolls in the first half of 1966 were at an average annual rate of $124.5 billion, about $7 billion above the previous 6-month period.

Following 2 months of decline, *retail sales* rose by 1 percent in June, to a seasonally adjusted total of $24.8 billion. In the durable goods sector, sales were up by 4 percent over the month, to $7.8 billion. Automobile sales which had declined in May showed a pickup in June, rising by 8 percent to 750,000. This level was, however, some 7 percent under June 1965, when a record for the month was established. Sales in furniture and appliances also showed a slight gain. However, reflecting the current slowdown in homebuilding, there was a continued decline in sales of lumber building materials, with the amount dropping to its lowest point since April 1965. Sales in soft goods stores, at $17.0 billion, were virtually unchanged over the month.

Retail sales during the first half of 1966 averaged some $25.0 billion (seasonally adjusted) per month, up from the $24.1 billion monthly average sales figure in the July–December period of 1965. Most of the increase took place in the nondurables area, where the average moved up from $16.2 billion to $16.9 billion. Sales of durable goods in the January–June 1966 period averaged $8.1 billion per month, compared with $7.9 billion in the previous 6-month period.

Wholesale prices rose by 0.1 percent in June, moving to a seasonally adjusted 105.7 percent (1957–59=100). During the month, industrial prices continued their recent series of advances, rising by 0.2 percent. This reflected continuing pressure from defense procurement and capital spending. The largest rise within the industrial grouping occurred in fuels and power; the metals group also rose as previously announced increased prices of newsprint became effective. Farm prices declined by 0.4 percent, largely because of reductions in fresh fruit and livestock. Compared with June 1965, wholesale prices were up by 2.8 percent. Despite recent declines, prices of farm products and foods were about 4.0 percent higher than a year earlier, while the increase in industrial commodities was 2.3 percent. Most of the rise in the latter sector occurred within the last 6 months.

Employment Developments

Total civilian employment rose more than seasonally in June to a record 75.7 million—2.0 million above the levels in both May and a year earlier. The over-the-month advances in the farm and nonfarm sectors were greater than seasonal, with the nonfarm sector moving up by 1.1 million. Employment among teenagers increased by 2.0 million, a substantially sharper than usual rise. The gain among adult men, at 349,000, was close to seasonal expectations. Employment among adult women, also in line with seasonal expectations, declined by nearly 400,000.

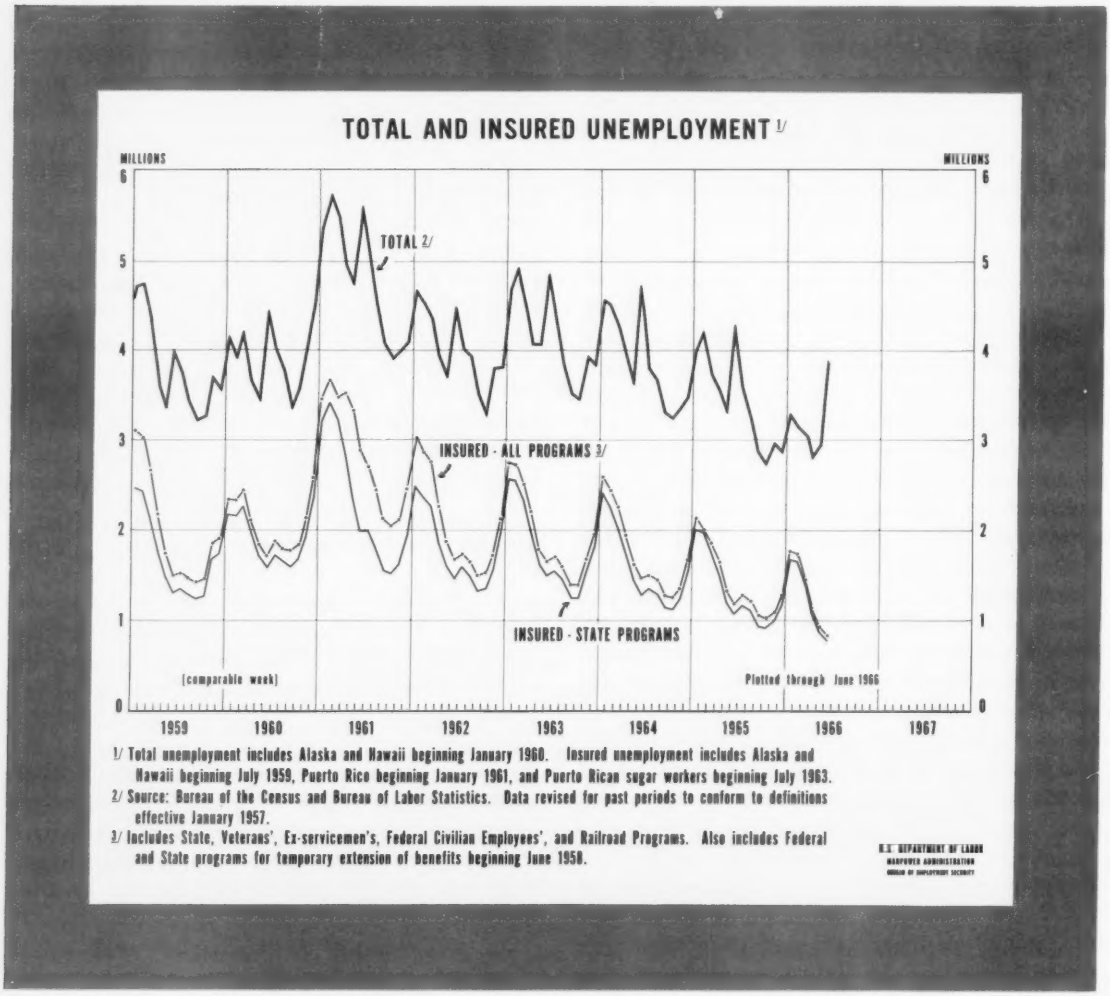
In the January–June 1966 period, total employment averaged 73.6 million (seasonally adjusted), compared with 72.7 million in the previous

6-month period. All of the increase was in the nonfarm sector, where employment rose, by 1.2 million, to 69.3 million. Farm employment dropped between the two halves of the fiscal year, moving down from 4.5 to 4.3 million.

The seasonally adjusted employment totals for teenagers, adult men, and adult women all rose between the two 6-month periods. Teenage employment rose by 360,000 to an average of 6.8 million; employment of adult men rose from 43.4 million to 43.7 million; and employment of adult women averaged 23.1 million in the January–June period, 350,000 more than in the preceding 6 months.

Nonfarm payroll employment showed substantial improvement between May and June, with better than seasonal job gains occurring in every major industry division. The June volume (unadjusted), at 64.0 million, was 968,000 above a month ago.

On a seasonally adjusted basis, payroll employment advanced by 324,000. The most substantial gain occurred in manufacturing, where the increase of 108,000 carried factory employment to the highest level in the Nation's history—some 19 million (adjusted). Within that industry division, sizable gains occurred in the electrical equipment, machinery, apparel, and primary metals groups; at the same time, adjusted employment levels declined in lumbering, transportation equipment, food processing, leather, and miscellaneous manufacturing. Among the other major divi-


TOTAL AND INSURED UNEMPLOYMENT 1/
MILLIONS
MILLIONS
6
5
4
3
2
1
0
TOTAL 2/
INSURED - ALL PROGRAMS 3/
INSURED - STATE PROGRAMS
(comparable week)
Plotted through June 1966
1959
1960
1961
1962
1963
1964
1965
1966
1967
1/ Total unemployment includes Alaska and Hawaii beginning January 1960. Insured unemployment includes Alaska and Hawaii beginning July 1959, Puerto Rico beginning January 1961, and Puerto Rican sugar workers beginning July 1963.
2/ Source: Bureau of the Census and Bureau of Labor Statistics. Data revised for past periods to conform to definitions effective January 1957.
3/ Includes State, Veterans', Ex-servicemen's, Federal Civilian Employees', and Railroad Programs. Also includes Federal and State programs for temporary extension of benefits beginning June 1958.
U.S. DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION
BUREAU OF EMPLOYMENT SECURITY

sions, large rises also occurred in government (74,000), construction (57,000), and trade (44,000).

Nonfarm payroll employment (seasonally adjusted) rose from 61.0 million in the first half of fiscal year 1966 to 62.8 million in the second half. Manufacturing employment showed a gain of 621,000 between the two periods, to an average of 18.8 million. The bulk of this increase occurred among the hard goods industries, where the adjusted average employment was 10.5 million in the July–December period and 11.0 million in the January–June period.

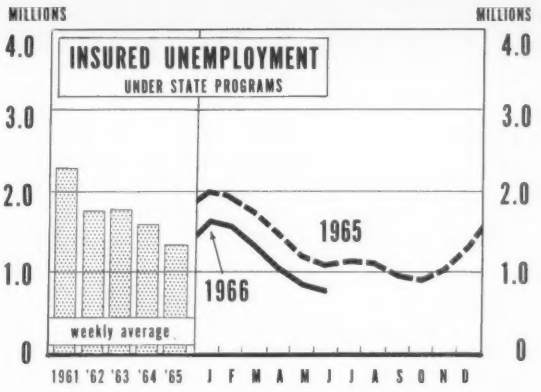
Both the *factory workweek* and *overtime hours* remained unchanged between May and June, at 41.5 and 4.0 hours, respectively. As a result, average weekly and hourly earnings at $112.50 and $2.70 held at May levels. Among the manufacturing industries, average weekly earnings ranged from highs of $146.63 in petroleum, $140.15 in primary metals, and $138.42 in transportation equipment to lows of $68.82 in apparel, $74.85 in leather, and $82.94 in textiles.

Approximately 621,500 *nonfarm placements* were reported by local employment security offices in June, compared with 567,600 in May. Placements rose (on a seasonally adjusted basis) over the month in all occupational categories except professional and managerial. The largest rise—20.9 percent (seasonally adjusted)—was reported in the clerical-sales group, where the average weekly volume was 20,500. Placements in the professional and managerial category remained virtually unchanged over the month.

Unemployment

Total unemployment in June rose by 900,000, to 3.9 million, as large numbers of teenagers entered the summer labor force. A year earlier, unemployment totaled 4.3 million. Since the over-the-month rise was in line with seasonal expectations, the seasonally adjusted rate of joblessness was unchanged from May's 4.0 percent. A year earlier the rate was 4.7 percent.

The teenage unemployment rate (seasonally adjusted) declined from 13.4 to 12.3 percent, reflecting the large gain in teenage employment. The June rate for this age group was the lowest for the month since 1957. Unemployment among adult women showed a smaller than usual increase, resulting in a decline in the adjusted job-



less rate from 4.0 to 3.9 percent. On the other hand, unemployment among adult men increased by about 100,000 in June, although no change is expected at this time of year; as a consequence, their rate of unemployment moved up from 2.4 percent in both April and May to 2.6 percent in June.

Between the July–December 1965 and the January–June 1966 periods, total unemployment rose from an average of 3.1 million (seasonally adjusted) to 3.2 million. However, since the adjusted labor force showed a sharper increase in the second period, the rate of unemployment fell from 4.3 percent to 3.9 percent between the two periods.

The average number of unemployed adult men and teenagers rose, while unemployment among adult women decreased, between the two 6-month periods. In the January–June 1966 period, the numbers and rates of unemployment for these groups were 1.3 million and 2.5 percent for adult men, 1.0 million and 12.1 percent for teenagers, and 917,000 and 3.8 percent for adult women.

Insured unemployment declined seasonally in June by 8 percent, or 69,000, to a weekly average of 792,700—the first time in more than 10 years the average has been below 800,000. A year ago, insured joblessness averaged 1,059,000. Seasonal improvements in the resort, apparel, shoe, and construction industries more than offset the effects of scattered layoffs for model changes in the auto industry.

The national rate of insured unemployment moved down from 1.9 percent in May to 1.8 percent in June—the lowest for any month except October 1950, when it was also 1.8 percent.

Insured Unemployment in Fiscal Year 1966

THE CONTINUATION of rapid economic growth during fiscal year 1966 brought a tightening in the Nation's manpower reserves, especially among experienced workers most of whom are protected by State unemployment insurance laws. This tightening was reflected in a 20-percent decline (287,400) in insured unemployment between fiscal years 1965 and 1966 to a weekly average of less than 1.2 million. Between the 2 fiscal years, the rate of insured joblessness moved down from 3.3 to 2.6 percent, the lowest since the end of World War II. The volume was the lowest since fiscal year 1953.

On a seasonally adjusted basis, the level of insured unemployment began the year at a weekly average of 1.3 million, declined gradually but persistently to less than 1 million in April 1966 and held at that level for the balance of the fiscal year. The rate of insured joblessness (seasonally adjusted), at 2.1 percent in each of the last 2 months of the year, was at its lowest level since the inception of the series in January 1949.

Joblessness Lower in Most States

Among the States, only Alaska, Nevada, and Puerto Rico showed higher numbers of insured jobless in fiscal 1966 than in fiscal 1965. The increases were nominal, however, amounting to fewer than 700 in each. The most sizable reductions occurred, as usual, in the large industrial States with the greatest numbers of covered workers. California showed the largest year-to-year decline, 35,700 (a rise occurred in the preceding fiscal year), followed by New York (33,700), Pennsylvania (26,500), Massachusetts (15,500), Illinois (14,700), and Ohio (14,200). In four of these States—Illinois, Massachusetts, Ohio, and Pennsylvania—the percentage reductions were above the national average, ranging between 23.0 and 27.3 percent.

In *California*, insured unemployment, at a weekly average of 203,000 in fiscal year 1966, was down 15 percent from the year-earlier average. Nearly nine-tenths of the decrease was in the manufacturing sector, where reductions occurred among workers from every industry except tobacco; especially large declines were posted among workers from the transportation equipment, electrical equipment, ordnance, and metals industries. Each of the nonmanufacturing industries also evidenced slightly less joblessness between the fiscal years. Although unemployment among construction workers registered a moderate decline between fiscal 1965 and 1966, the average remained sharply above that posted in fiscal 1964, largely reflecting a continuing sluggishness in California's building industry.

The drop of 16 percent in *New York's* insured jobless volume lowered the States weekly average to 183,800. The decline would have been greater except for the New York City transit strike which sharply raised the volume in January. The bulk of the decrease between fiscal 1965 and 1966 was among manufacturing workers, most notably from the apparel, electrical machinery, transportation equipment, and paper industries. About one-fifth of the year-to-year decline reflected an upswing in construction activity.

During fiscal year 1966, insured unemployment in *Pennsylvania* averaged 71,500—some 27 percent below the 1965 average. (In the previous fiscal year, Pennsylvania's drop of 53,600, or 35 percent, was the largest in the Nation.) Nearly one-half of the decline this last fiscal year was attributable

Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

Week ended	Initial claims [1] 1966	Initial claims [1] 1965	Insured unemployment [1] 1966	Insured unemployment [1] 1965
May 7	164, 400	209, 900	916, 700	1, 270, 200
May 14	151, 000	184, 900	881, 700	1, 208, 200
May 21	146, 700	178, 700	852, 700	1, 157, 800
May 28	151, 500	176, 100	813, 700	1, 094, 100
June 4	141, 600	168, 700	816, 300	1, 096, 000
June 11	149, 300	182, 000	799, 300	1, 060, 300
June 18	152, 300	182, 800	786, 300	1, 048, 200
June 25	150, 500	199, 300	783, 000	1, 045, 500
July 2	188, 500	236, 400	787, 200	1, 049, 500
Weekly averages				
May	152, 300	186, 500	861, 700	1, 178, 700
June	156, 300	191, 100	792, 700	1, 059, 000

[1] Refers to State programs.

to a further pickup in manufacturing activity, with all industries except tobacco, petroleum, and primary metals reporting less joblessness. The rise in joblessness among primary metals workers, which was especially strong, resulted from a decline in demand as steel consumers worked off their strike-hedge inventories following the conclusion of labor-contract negotiations in the steel industry. Joblessness in that industry climbed sharply between September and December 1965, and then began to taper off as steel orders picked up during the last half of fiscal 1966. By June, insured joblessness among steel workers was well below the year-earlier figure.

In *Massachusetts*, insured joblessness, at a weekly average of 51,800 in fiscal 1966, was about 23 percent below the fiscal 1965 total. The decline was steeper than that in fiscal 1965, indicating an acceleration in that State's business activity. Less unemployment among workers from the electrical equipment, apparel, textile, and leather industries was responsible, in large measure, for the drop in the factory sector which accounted for nearly three-fifths of the overall decline. Among the nonmanufacturing industries, trade showed the largest jobless reduction.

The year-to-year decline in *Illinois* (25 percent) reflected expansions in every industry but ordnance, textiles, and paper, while *Ohio's* sharp drop of 27 percent was attributable in large part to less joblessness among workers from the nonmanufacturing sector—construction, trade, and services.

While the large industrial States generally showed the greatest numerical decreases in insured joblessness, several States with relatively small numbers of covered workers reported substantial percentage reductions from the prior fiscal year. The largest percentage decline (52 percent) occurred in New Hampshire. The next largest (33.9 percent) occurred in Colorado. In three other States—Connecticut, Kansas, and Minnesota—insured joblessness was down by more than 30 percent from fiscal 1965. In contrast, the smallest percentage decline was reported by Alabama—5.8 percent.

Both UCX and UCFE Down

Between fiscal 1965 and 1966, insured unemployment under both Federal programs also showed substantial declines. The number of unemployed ex-servicemen's claims under the UCX program fell, by nearly 16,000, to an average weekly volume of 26,800. This was 37 percent below the volume in fiscal year 1965 and the smallest number for any fiscal year since the start of the program. Insured joblessness among Federal civilian employees under the UCFE program dropped to 22,300 per week, which was 5,100, or 19 percent, below the fiscal 1965 figure and was the lowest average since 1957.

Benefit Payments Down 17 Percent

Approximately $2.0 billion was paid to claimants under all regular unemployment insurance programs in fiscal year 1966, compared with $2.4 billion in 1965. The 1966 fiscal year total included approximately $1.9 billion under the State programs (down from $2.3 billion in fiscal 1965), $48 million under the railroad program, and a total of $94 million under the two Federal programs (UCFE and UCX).

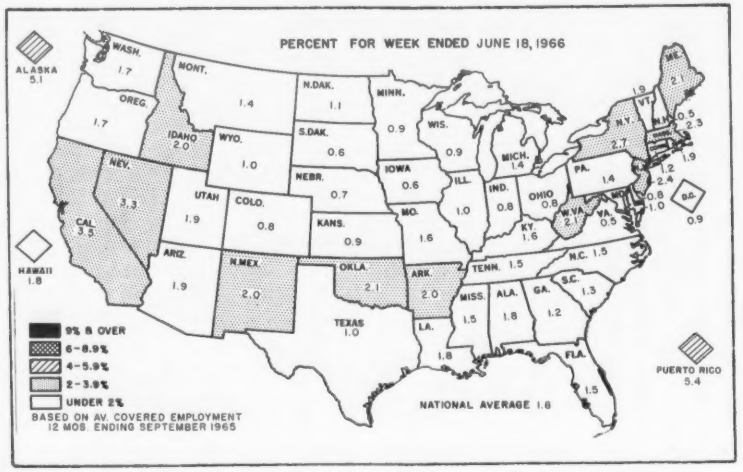
Activity [1]	Number or amount June 1966	Percent change from— May 1966	Percent change from— June 1965	January–June cumulative (in thousands) 1966	January–June cumulative (in thousands) 1965
Initial claims [2]	689, 800	−3. 7	−20. 7	5, 201	6, 151
Weeks claimed [2]	3, 579, 300	−8. 8	−27. 4	31, 791	40, 913
Insured unemployment (weekly average) [2]	792, 700	−8. 0	−25. 1	1, 220	1, 574
Beneficiaries (weekly average)	701, 700	−12. 9	−25. 5	1, 071	1, 391
Benefits paid [3]	$114, 358, 200	−9. 3	−26. 8	$1, 043, 870	$1, 309, 358
Claimant exhaustions	67, 600	−8. 3	−30. 9	458	641

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[3] Monthly data represent gross amount; cumulative data represent net amounts.

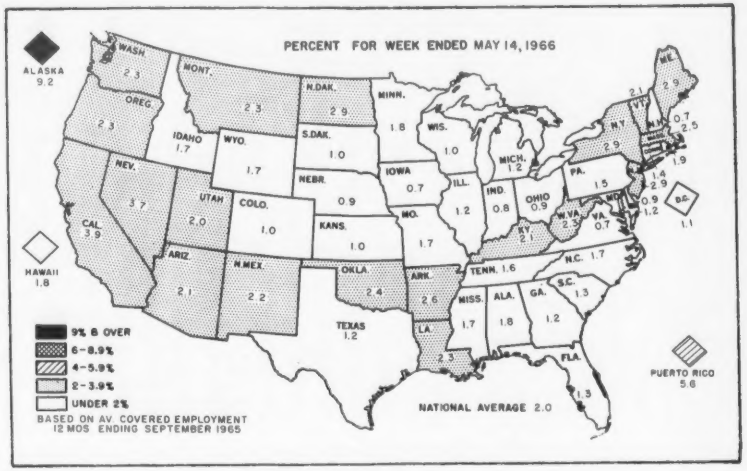
230–508 O—66——2

STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

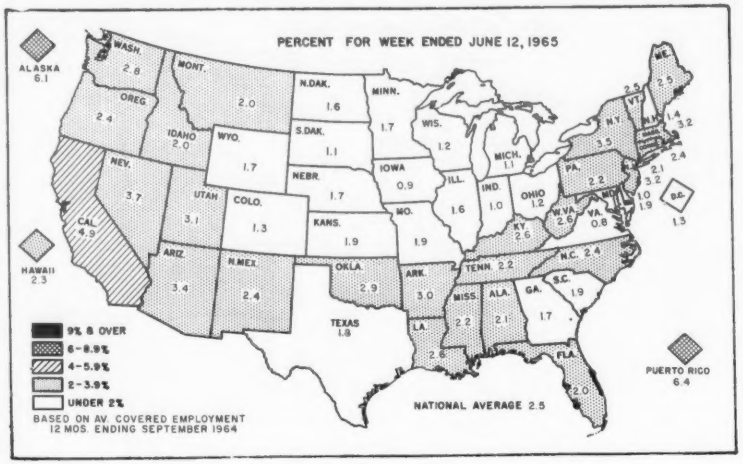
LATEST MONTH



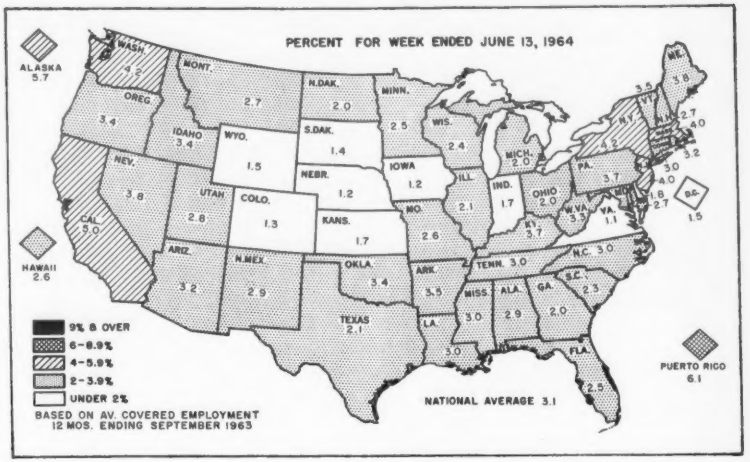
PREVIOUS MONTH



ONE YEAR AGO



TWO YEARS AGO



The average benefit check received by totally unemployed workers under State programs moved up from $36.56 in fiscal 1965 to $38.51 in fiscal 1966. The average payment varied markedly among the States because of differences in their industry mix and in State laws. The weekly checks averaged more than $44 in three States—California ($46.17), Colorado ($44.90), and Wisconsin ($44.61)—while in Mississippi, North Carolina, Puerto Rico, and West Virginia the average weekly benefit check was under $26.

Under each of the Federal programs, the average weekly benefit amount between fiscal years 1965 and 1966 rose by about 5 percent. The average weekly check to workers covered under the UCFE program moved up, by $1.93, to $39.58, while the weekly check to those under the UCX program increased, by $1.75, to $37.87.

Exhaustions at 14-Year Low

Reflecting the brighter job picture and shorter durations of unemployment, the number of persons exhausting their benefit rights under State programs dropped by over 25 percent between fiscal years 1965 and 1966, moving down, by 305,000, to 903,100—the lowest number since fiscal 1953 when the total was 784,500. The exhaustion rate of claimants, at 18.8 percent, was down from the 22.0 percent of the prior year and down sharply from the recession high of 31.4 percent in 1961. The rate for this year is the lowest for any July–June period since the start of the series in 1957.

Issues Reflected in Recent Appeals Decisions

Avocations and Benefit Eligibility*

THE TOWN newspaper carried the story on the front page. The headline read: Local Manufacturing Plant To Shut Down Indefinitely—Production Employees Temporarily Laid Off! The text of the article supplied the details—overproduction, lost contract, business conditions, competition, efforts to secure new contracts, expectations and hopes. But the real message, the important one, was fully apparent in the caption—a lot of people would not be able to depend for awhile upon the wages they had been earning from the manufacturing plant.

The town buzzed with the news! "It'll be tough for a while." "The plant paid good wages, and we've been able to set aside a little for a rainy day." "Some of the other plants around town have been operating pretty good—maybe they'll do some hiring." "Thank goodness for the unemployment insurance benefits." "Some of the little sideline jobs we used to kid about look good now." "Joe Scott has had a part-time job down at the filling station every Saturday since he was a kid in high school—that ought to help him some. And Bill

Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

*See also articles published in three prior series of the *Issues Reflected in Appeals Decisions on Unemployment Benefits*, BES No. U–180, issued July 1959, p. 3; BES No. U–201, issued July 1961, p. 25; and BES No. U–236, issued March 1965, p. 25.

Williamson has been selling stamps to collectors as a sideline ever since his collection won the prize at the State hobby show, some 10 years ago." "Dick Clemson used to complain about the long car ride in to work from the country, but he's glad he has that little piece of land now. He sold peaches to some of the local markets."

Joe Scott received his unemployment insurance check, reduced just a little because of his earnings at the gas station. But Bill Williamson and Dick Clemson didn't get their first checks when all the others did. There was some question about their claims. The claims examiner said their sidelines made them self-employed businessmen, and therefore they were ineligible.

What is the distinction between the claim of the wage earner with part-time employment and the wage earner with part-time self-employment?

In some jurisdictions, the line of distinction is quite simple. Self-employment of any kind, no matter how big or small, is in itself disqualifying. This interpretation is reflected in a Georgia decision (Appeals Referee Decision No. AT–40,533, Apr. 19, 1966) in which the claimant's wife had a contract for raising chickens. The claimant assisted her with the work involved, both when he was employed and during the period in which he was in claims status. The decision stated:

> The evidence shows that the claimant was engaged in the raising of poultry under contract. It is of no consequence whether the contract was written or oral since he did not deny its existence. The evidence shows that the claimant performed services in the raising of poultry while reporting on his claim and receiving unemployment insurance. Whether or not the contract was in his name, he performed services toward its execution and the payment for such services had become a part of the family income.
>
> *The law makes no provision as to the number of hours spent or the amount of money earned.* It is held that the claimant was engaged in a family business and was self-employed under the Law. He was not, therefore, unemployed within the meaning of the Statute . . . [italic supplied].

Diametrically opposed to this view was the opinion expressed in a West Virginia decision which had the effect of providing that self-employment, as such, was not a factor for consideration; the only limitation on the claim for partial benefits was the amount of earnings realized from the claimant's self-employment. In this case (West Virginia Board of Review, Oct. 7, 1965, CCH–W. Va. par. 8247.02), the claimant was regularly employed by a metal company and had as a sideline a job shop bearing his name. While employed by the metal compary, he devoted some time to his own business during off hours. During periods in which he was laid off from the metal company, he did "any and all work that he [could] obtain for [his own business]."

In its decision, the Board drew a contrast between a self-employed individual who claims benefits as a "totally unemployed person" (one who is separated from employment and who performs no services with respect to which wages are payable to him) and a "partially unemployed person" (one who is not separated from work but owing to lack of work performs no services with respect to which wages are payable to him, or owing to lack of full-time work wages payable to him were less than his weekly benefit amount). In the event of partial unemployment, the only apparent restriction imposed by the Board on the payment of benefits to a self-employed individual was the amount of the claimant's earnings in self-employment. The decision stated:

> The Board of Review is of the opinion that this is a case of first impression which has not been heretofore determined. A similar case is that of *Eldie Pigott* v. *Board of Review et al,* decided by the Circuit Court of Kanawha County on December 8, 1961. In that case, an employee of a coal company, while so employed, opened up a small gasoline service station as a sideline business. Approximately 4 years after commencing this business, claimant was separated from the coal company for lack of work. The case which eventually reached the Circuit Court arose on the claim of the claimant for benefits as a totally unemployed person. In that case, the Circuit Court affirmed the opinion of the Board of Review that, under the circumstances, claimant was not totally unemployed.
>
> The present case is very similar in its facts to the Pigott case. However, this case arises while claimant is still employed by his full-time employer, is in a temporary layoff status, and is filing claims for benefits as a partially unemployed person. We are of the opinion that he is entitled to such benefits, subject to the provision of the statute relating to reduction of benefits on account of other income received. . . .
>
> The decision of the Trial Examiner is set aside and it is held that Claimant is eligible for benefits as of June 5, 1965, the amount of which benefits as a partially unemployed person may be adjusted by reduction on account of other income earned in the weeks for which he filed. . . .

The above decisions represent the two extremes in interpretation. One contrues self-employment of any sort to be an absolute, unequivocal bar to benefits. The other attaches no significance whatever to the fact of self-employment when a claim

for partial benefits is filed and bases the determination exclusively on the amount of earnings. However, decisions from most of the jurisdictions consider in varying degrees any one or more of a number of factors as their basis for the final conclusion.

Sometimes the size of the business becomes the fulcrum for the decision. In a North Dakota case (North Dakota Appeal Tribunal Decision No. AT–1–8575–66, May 13, 1966), a union construction worker owned a farm for some years. He and his wife took care of the farm after normal employment hours with some assistance from a neighbor he hired for a short time during the seeding season. During the year preceding his claim, the claimant was forced to sell some of his livestock because his pasture and hay meadows were flooded and he had no feed for the livestock. In determining that the claimant was entitled to benefits, the Appeal Tribunal stated:

> This claimant was forced to curtail his farming operations because of weather conditions. He is not permitted to seed enough cash crops [under the Federal Farm Program] to support himself and family. For the past year and a half he has been fully employed in the labor market. He expects to continue employment as soon as construction operations begin this spring. His wife is capable of carrying on the farming operations with incidental help from the neighbors. The harvesting is done by custom combiners; it requires no effort on the part of the claimant or his wife. It is further noted the income from employment is several times the net income from the farming operation. It is concluded this claimant is unemployed, able to work, available for work and actively seeking work within the purview and meaning of the North Dakota Unemployment Compensation Law.

In another case, the size of the business had just the opposite effect. *In the Matter of the Claim of Steve Soroka* (New York Supreme Court, Appellate Division, Third Judicial Department, Nov. 23, 1965, Appeal Board Case No. 110,940, Referee No. 90–102–63; 264 N.Y.S. 2d 682), the claimant was regularly employed for many years as a union carpenter. Some time prior to the period in issue, the claimant and his wife purchased a farm, taking title in both names, and resided there with their children. The farm consisted of 195 acres. During the period involved in the decision, 88 acres were in hay and 32 acres were devoted to other crops. There were 20 milking cows and 15 heifers, and the milk yield was about 400 pounds a day. The farm machinery consisted of two tractors, a baler, a mowing-machine, a spreader, and a side delivery rake. In his decision, the referee noted that the claimant had been active in the labor force since purchasing the farm. On this basis, and since the claimant contended that the amount of time he devoted to the farm was negligible, the referee held that the claimant was not self-employed nor engaged in a business but was "totally unemployed." Without a further hearing, the Appeal Board reversed the referee, and its decision was affirmed by the Court. As the basis for its reversal the Board stated:

> The farm which claimant and his wife own is a substantial one. We reject claimant's contention that he rendered only casual services on the farm and has allowed his wife to operate it virtually by herself, as not credible.
>
> We find that claimant rendered substantial services on the farm and consequently was self-employed during the periods in issue.

But in a Utah Board of Review decision, the size of the business, except for the income that it produced, was considered irrelevant. In this case (Decision No. 66–BR–428, Feb. 9, 1966), the claimant had full-time employment in the spring and most of the summer as a carpenter for a construction company. In the winter he worked for a fuel company. He owned a sizable farm which represented a capital investment of about $34,400, including $29,700 spent for land, water, equipment, and stock in 1962 and $4,700 in 1965. The farm included 356 acres, of which 39 were in pasture, 19 in alfalfa, 17 in irrigated wheat, 11 in oats, and 8 in feed corn. The remaining 262 acres were in range or grazing land. As of the time he filed his claim the claimant had 15 hogs, 50 head of cattle, 6 sheep, and 2 work horses. Shortly after he discontinued his weekly claims he acquired about 25 additional hogs, making the total 42. In connection with his farm activities, the claimant owned four tractors (two of which were in use), a mower, pickup truck, field sprayer, hay baler, plows, and miscellaneous items of machinery and equipment. He had one granary building on the farm and owned 995 shares in an irrigation project. It was found that the claimant's regular farm work required the equivalent of about 3 full days (20–30 hours) per week when he was not employed elsewhere, and that when he had other employment much of the routine work was done by his wife and sons. The referee stated that:

> Although in recent years the farm has, reportedly, operated at a net loss or only a small profit for tax purposes, the gross income has also been substantial, amounting to several hundreds of dollars each month. . . .

He concluded that it was of no significant consequence that the claimant was available for other work, and held that the claimant's farm operations were sufficiently substantial to render him not unemployed and thus ineligible for benefits. However, the Board of Review reversed the referee, citing as authority the decision of the State's Supreme Court in the case of *Milton E. Johnson* v. *Department of Employment Security* (320 P. 2d 312, 7 Utah 2d 113). The Board interpreted this Supreme Court decision to require application of the following formula to determine benefit entitlement of a self-employed individual:

> . . . the formula to be applied to self-employed individuals consists of determining three factors: (1) The regularity of the individual's attachment to the labor market; (2) The matter of the individual's availability to immediately accept suitable employment together with his continuous exposure to the labor market; and (3) If it is found that he is both firmly attached to the labor market and continuously available then the amount of his weekly earnings in self-employment is relevant.

The Board added:

> . . . the appellant . . . was unequivocally available for full-time employment in industry and . . . his present and past work history shows that he was and is firmly attached to the labor market. His farming activities do constitute self-employment and are substantial in nature; and in the opinion of the Board he has during the year 1965 operated a self-employment enterprise at a net profit of $1,142.06. In arriving at its conclusion with reference to the appellant's net income, the Board has disregarded payments on principal indebtedness and depreciation.
>
> . . . the Board . . . finds that the appellant was a partially unemployed individual . . . earning $21.92 per week and that during the weeks involved in this appeal the claimant was eligible for unemployment compensation benefits with his weekly benefit amount being reduced by the amount of $21.00 per week. Benefits will be allowed accordingly.

In a like situation, also decided by the Utah Board of Review (Case No. 66–BR–435, Mar. 10, 1966), similar conclusions were drawn. The claimant was a union heavy equipment operator and generally worked at this trade during the outdoor construction season which lasted about 8 months a year. In addition he had two sideline businesses, a grocery store in front of his residence and a laundromat located about 20 miles away. The grocery store was operated by his wife and daughter, with only occasional assistance from the claimant. The laundromat represented an investment of $14,000 in equipment and $2,000 for installation. It did not require the regular attendance of an operator, and the claimant's duties and responsibilities in connection with it consisted of managing the business, cleaning the building (which was rented), and repairing the machines as necessary. The claimant and his wife went to the laundromat almost daily, usually in the evenings, to do this work. The referee held that the substantial size of the claimant's businesses rendered him "not unemployed" and, therefore, ineligible. The Board reversed the referee's decision on the basis of the criteria cited in the Johnson case, and remanded the case for a ruling on the claimant's search for work, holding that if his work search was adequate he was entitled to benefits.

In Pennsylvania there is a statutory provision that seems to draw distinction between an individual who depends upon his self-employment as a major source of his livelihood or who increases his self-employment activities to that point during periods of unemployment, and one who engages in self-employment only to supplement his major source of income and does not increase his self-employment activities appreciably during periods in which he is laid off from his basic or primary source of income. This provision, section 402(h) of the Pennsylvania Unemployment Compensation Law, provides that an employee shall be ineligible for compensation for any week in which he is engaged in self-employment.

> Provided, however, That an employe who is able and available for full-time work shall be deemed not engaged in self-employment by reason of continued participation without substantial change during a period of unemployment in any activity including farming operations undertaken while customarily employed by an employer in full-time work, whether or not such work is in "employment" as defined in this act, and continued subsequent to separation from such work when such activity is not engaged in as a primary source of livelihood. Net earnings received by the employe with respect to such activity shall be deemed remuneration paid or payable with respect to such period, as shall be determined by rules and regulations of the department.

This exception was recently applied in a case before the Pennsylvania Board of Review (BSSUI–TPU–415.1–57, Mar. 18, 1966). The claimant was principally employed in factory work but he and his wife resided on a farm, on which they jointly owned and operated a grape vineyard. The Board noted that the claimant did not increase his activities in the vineyard during the period for which he claimed benefits (in the winter season) and ruled that in a joint venture

such as this, one-half of the net annual income was to be prorated on a weekly basis and charged as earnings against his claim. The Board stated:

> Prior to his separation, the claimant has had steady factory employment (excepting for periodical seasonal layoffs) for 14 years, which is his main source of livelihood. In addition, he and his wife have been producing about 7½ acres of grapes annually for commercial use, since 1953, hiring additional help as needed. There was no substantial increase in the claimant's grape-producing activities after his separation, and his earnings from the grape vineyard are not his primary source of livelihood. Accordingly, the grape vineyard constitutes a sideline activity within the relieving provisions of section 402(h); provided, however that the claimant's net earnings of $35.23 per week shall be deducted from his weekly benefit amount plus partial credit. . . .

Both benefit entitlement and the prorating of earnings of an individual who was self-employed on a part-time basis were the subjects of a recent decision in the State of Washington, in the case of *John R. Files, Jr.* v. *Department of Employment Security of the State of Washington* (Superior Court of the State of Washington in and for the County of Chelan, July 1, 1965, CCH–Wash. par. 8388). In this case, both the appeal examiner and the Court applied their own interpretation of the decision of the Supreme Court of the State in the case of *Employment Security Department of the State of Washington* v. *John D. Bartel* (375 P. 2d 154, 60 Wash. 2d 709, 1962), and these interpretations varied somewhat. The background for the Files decision can best be seen by a review of the Bartel case.

The claimant Bartel was temporarily laid off from his job with a cement company, which job he considered primary both in terms of hours worked and income received. He owned and, with his wife and son, operated a small dairy farm which yielded a net income that when it was prorated on a weekly basis over the year was smaller than his weekly benefit amount. He devoted about 3 hours a day to the farm, before and after normal working hours, and was available for his regular employment. The question posed by the case, in the words of the Court, was:

> Can a person, who has been laid off from his job—which he considers primary in both terms of hours worked and income received—but who does some work at home, by means of which he earns a net income smaller than the amount of unemployment benefits to which he would otherwise be entitled, be considered to be "unemployed" within the meaning of the Employment Security Act?

In reaching its conclusion, the Court took into consideration a 1953 State attorney general's opinion responding to the question, which was presented in the abstract, as to whether a person who is self-employed is eligible for unemployment compensation. It expressed the view that the terms "unemployed" and "self-employed" are mutually inconsistent, and that a person who was self-employed within the context of the opinion was ineligible for unemployment compensation benefits. But the opinion pointed out that the question of "self-employment" is one of fact, depending in large part upon degree, and it laid down the following five guides for resolving this question:

1. Availability of applicant for resumption of regular employment,
2. Hours per week devoted to activity in question,
3. Net income earned from such activity,
4. Nature of regular employment, and
5. Does the applicant engage in the same activities during the course of his regular employment, and, if so, to what extent?

> Having in mind the provision in the preamble of the act prescribing a liberal construction, it would appear that many instances of activities engaged in by applicants during periods of unemployment may properly be regarded as appropriate situations for the application of the *de minimis* rule, that is to say, "the law takes no notice of trivial things."

The Court expressed no disagreement with the attorney general's opinion, and noted that in the case of the claimant Bartel all five questions would be answerable in his favor. The Court's decision stated:

> He was available for work. He devoted only 3 hours per day to his activities on the farm, and those were before and after normal working hours. His net weekly income, even on a pro rata basis over a full year, was less than the weekly benefit amount under the Employment Security Act. Furthermore, it is arguable that only a portion of that income is attributable to respondent, since his wife and son did most of the work. Finally, with regard to the last two related considerations, his farm activities were of an entirely different nature from his regular employment, so that there was no question of competition with his regular employer.

Emphasis was also placed on the fact that the claimant "was not primarily a farmer trying to learn a trade, but was primarily a wage earner attempting to supplement his income." Under the circumstances of this case, the Court held that the claimant was unemployed and only partially self-employed and thus entitled to receive the difference between his weekly income from the dairy

farm, prorated over the entire year, and the weekly benefit amount to which he would have been entitled had he earned no income from his self-directed endeavors.

The Files case differed only to the extent that the claimant operated a small fruit ranch, which was a seasonal operation as distinguished from the year-round work involved in the operation of a dairy farm. He was claiming benefits during the winter season when he was both laid off from his construction work and had no work to do on the fruit ranch. The claimant estimated that he would earn $4,000 from the fruit ranch during the harvest season, and the appeal examiner prorated these earnings on a weekly basis over the entire year, with the result that they exceeded the claimant's weekly benefit amount and he was held to be ineligible. The Court held that the spread of the annual income should apply from April to October —the period of operation of the fruit ranch. In drawing this conclusion, the Court pointed to the following exerpt from the Bartel case:

> It is also recognized that a fair administration of the act requires the department to allocate the potential income over the period it was earned even though not actually received then. Farming is a good example. That most of the farm produce may be harvested and sold in the fall would not mean that the farmer should be considered as having no income in the other seasons.

The Court reasoned as follows:

> It doesn't say "over the period of the entire year"; it says "over the period it was earned." This means "over the period of time [the claimant] applied his work personally and by retaining the services of others."

Thus the question of benefit entitlement of the wage earner with a sideline or avocation is handled in several ways in several different jurisdictions. Should there be a distinction between the wage earner with a part-time job and the wage earner with part-time self-employment? Is there a valid basis for allowing partial benefits when the income from a claimant's part-time self-employment is less than the weekly unemployment benefits he would receive under the law? At what point does a part-time avocation become a full-time business? Would the allowance of partial benefits to a part-time, self-employed individual be consistent with the purposes and intent of unemployment insurance?

Unemployment Insurance Decisions

Pistol-Packing Employee

Alabama.—Claimant had a heated argument with a coworker in a space industries firm. The following night the claimant purchased a .22-caliber pistol designed to fire blank cartridges, first having asked the town's chief of police whether the pistol was a "firearm" and whether it was dangerous for a child. She took the pistol to work the next day. During a friendly conversation with the same coworker, she opened her purse to show the toy pistol, alleging she had bought it as a Christmas gift for her nephew. Apparently, the fellow employee doubted that the pistol was a toy because she reported the incident to the supervisor. The claimant was discharged. The pistol was examined at the hearing and it was amazingly realistic. The claimant knew that taking firearms on the job without permission from the company security officer was prohibited.

The referee found that the claimant was discharged for misconduct connected with her work. He concluded the claimant must have purchased the toy with the intention of taking it on the job; otherwise, the necessity of contacting the chief of police to determine its characteristics did not seem reasonable. It would have been more reasonable to consult the child's parents. The referee said, "Surely the claimant realized that the presence of a gun, during time of strained relationships between employees, was likely to arouse apprehension and create further tension in spite of her claim that it was a toy. It appears to the referee that the claimant must have expected and intended to arouse apprehension." (Decision No. 2586–AT–66, affirmed by Board of Appeals Decision No. 692, Apr. 11, 1966.)

Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

Watchdog on the Job

Delaware.—When an experienced silk finisher was interviewed and hired by a drycleaning establishment, she was not told of the watchdogs which were continually present in the work area during working hours. From the first day of work on, one of the dogs jumped at her whenever she left her pressing machine. The claimant was frightened and she constantly carried a broomstick to ward off the dog. When the claimant told the employer about the unhappy situation, he treated her complaint in an offhand manner and told her to fend for herself. One day the dog jumped at the claimant in the women's washroom, and another employee threw a soft drink bottle at the animal to keep him away from the claimant. After one more fruitless complaint to her employer, the claimant quit.

The Commission, in holding that the claimant left her work voluntarily with good cause attributable to her work, said, "Although the employer characterized the dog as a friendly, playful watchdog, it is undisputed that the dog persisted in jumping at the claimant whenever she left her machine, jumped at her in the women's washroom, and that claimant's fear was such that she carried a broomstick to protect herself from the dog. In our opinion the undisclosed working conditions were unreasonably unsatisfactory and became intolerable for the claimant. She tolerated it for almost 3 weeks. She complained to no avail and then she quit, we think justifiably." (Commission Decision No. 15509–A, Mar. 23, 1966.)

Songbird

Florida.—A machine operator sang at her work with such volume that the employer heard her in his office, above the other noises in the machine shop. He advised the claimant to take her singing lessons elsewhere. The claimant chose to interpret the employer's remarks as a discharge, and went into his office and made a telephone call to an employment agency in an attempt to obtain other work. The employer had a strict rule that the office telephone was not to be used during working hours without permission. He discharged the claimant both because of the loud singing and the telephone call. Her discharge was held to be for misconduct connected with the work. (Referee's Decision Docket No. 66–459U, affirmed by Board of Review Decision No. 66–110, Apr. 25, 1966.)

Easy Credit

Louisiana.—When the first garnishment against her wages was issued in July 1964, the claimant made arrangements to have it lifted. In November 1965, another garnishment was received by the employer, and the claimant was discharged.

The Board of Review found that the claimant was a good, dependable, and faithful employee. Her salary ranged from $50 to $55 a week. She and her family simply purchased more than they could pay for on credit. "Credit today," said the Board, "is so easy to get, especially if you are working on a salary." The Board pointed out that the two garnishments were more than a year apart, and that the claimant did not have a chance to make arrangements to lift the second garnishment before being fired. There was no act of wanton or wilful disregard of the employer's interest or disregard of standards of behavior which the employer had a right to expect of his employees. While the writs of garnishment constituted a violation of the employer's rule, which subjected the claimant to a termination of her employment, they did not constitute misconduct connected with the employment. (Decision No. 78–BR–66, Mar. 10, 1966.)

No Subsidy for Artists

Maryland.—A claimant, classified primarily as a musician and secondarily as a general office clerk, refused a referral to a job as a trainee multilith 85 operator, with hours from 8:30 a.m. to 5:00 p.m. She explained that because of her household responsibilities she could not work more than 3 days a week, but that she could arrange to work 7 nights a week, if necessary, in her regular profession as a pianist. She contended that she was available for full-time work in her profession, which required night work only, and was endeavoring to find work of that kind. The referee held her unavailable for work when she was unavailable for full-time day work. He said to hold otherwise would be to subsidize the claimant's artistic career. (Appeal No. 138,295, affirmed by Board of Review Decision No. 187–BR–66, May 4, 1966.)

5-year Job or None

Rhode Island.—While interviewing the claimant for a secretarial position, the employer indicated that since the duties were involved and required a great deal of responsibility, he would want assurance that the claimant would be willing to stay for at least a 5-year period after being trained. The claimant discussed this job interview with her husband who intended to retire within the next 2 or 3 years. The claimant reached the decision that she could not give the employer assurance of 5 years of employment with the probability that she would be withdrawing from the labor force upon her husband's retirement. When the employer called the claimant a week later to tell her that she was selected for the job, she informed him that she wanted the job but could not promise to stay for 5 years because of her husband's plans to retire. Therefore, she was not hired.

The referee, in holding that she did not refuse to accept an offer of suitable work without good cause, pointed out that the claimant did not refuse to accept the job offered. It was withdrawn. Neither did she erect a barrier that prevented the employer from hiring her when, in good faith, she revealed her long-range employment plan to him at his request. (Decision No. 6504 U.C., Mar. 18, 1966.)

Selected Unemployment Insurance Statistics, State Programs
June 1966

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending June 1966 (in thousands)		Funds available June 1966 7/ (in thousands)
								Benefits paid 6/	Collections and interest	
Total	8/689779	8/3579265	8/792696	701650	$38.72	67647	$114358190	$1900515	$1354016	$900355
Alabama	7436	47560	10820	8767	29.50	930	1118104	17277	31117	47369
Alaska	1055	10836	2129	2317	38.88	237	392858	6515	10881	10/115693
Arizona	5621	24799	5344	4595	36.72	460	729708	13041	16792	60304
Arkansas	5901	31059	6618	5239	27.58	572	616365	9959	17326	35484
California	128995	708289	155811	143095	47.65	15040	29208947	9/460772	543449	711987
Colorado	3121	14631	3060	2827	44.27	323	531308	9474	17987	65613
Connecticut	9566	45081	9842	9131	39.86	861	1562203	29108	64056	224279
Delaware	1156	7086	1518	1915	43.86	108	358382	4782	8646	25571
Dist. of Col.	2191	13785	3050	3244	43.99	237	622937	8078	11040	66500
Florida	15138	74188	16800	12492	27.76	1823	1489934	18075	45306	197214
Georgia	7754	44362	10021	7530	30.65	1082	903386	13132	41541	212259
Hawaii	1982	14670	2241	2887	43.71	165	535302	6909	11652	25507
Idaho	2685	11194	2622	1857	35.79	240	274016	5332	10515	32512
Illinois	22919	124111	27347	26100	41.33	2706	4572302	78208	125285	555087
Indiana	10120	45280	10269	8613	33.26	1560	1242242	21919	55660	203176
Iowa	2306	13151	2926	2505	34.63	320	349404	7806	14139	119316
Kansas	2802	15212	3382	3148	37.72	396	510796	11172	18813	68743
Kentucky	5969	38257	8529	7505	32.57	762	1022711	16936	31270	128675
Louisiana	6943	50419	11284	10289	33.26	1111	1452518	21294	39967	137584
Maine	3714	20299	4271	3912	31.24	163	494352	5964	11437	36920
Maryland	7271	36437	8373	7855	36.22	455	1180306	25172	57539	191735
Massachusetts	30286	167363	37123	32057	41.28	2393	5551038	91456	147348	251170
Michigan	27501	113206	28944	20750	41.95	2030	3748889	61992	194383	10/582049
Minnesota	4382	41833	8091	7717	27.73	953	915281	21362	35118	31851
Mississippi	3398	20603	4633	3784	25.11	451	406257	6486	20059	68000
Missouri	19378	69807	15083	11338	35.24	1086	1632673	28652	52930	251159
Montana	1229	7708	1671	1710	30.31	327	237783	5379	6340	19210
Nebraska	1460	8102	1762	1897	33.51	273	272113	7167	9051	42441
Nevada	3226	17444	4055	4061	41.87	459	735878	11265	11187	28723
New Hampshire	1258	5662	821	602	33.79	5	81609	2428	8855	35641
New Jersey	34780	189096	41315	41338	40.44	4287	7047966	112186	158547	335532
New Mexico	3137	14896	3200	2959	39.41	182	384974	6463	8146	35972
New York	136741	655590	141354	131515	41.30	8111	22359660	337126	510609	1370781
North Carolina	11520	73392	16359	14303	25.74	1289	1569432	22091	54388	258043
North Dakota	491	4641	887	914	40.01	152	159241	5844	5732	5683
Ohio	21696	92024	21142	17147	37.07	1463	2739118	59008	205112	438116
Oklahoma	5631	39363	8694	6931	26.82	722	798178	11734	18295	52241
Oregon	7789	38248	8202	7456	33.32	682	1064533	19630	35613	102285
Pennsylvania	42680	199642	44222	40045	32.89	2439	5256818	98281	317534	10/494839
Puerto Rico	8/9611	8/69077	8/16139	9086	17.42	1992	727735	9/16823	22654	61591
Rhode Island	6424	21675	5048	4275	39.22	411	696037	12003	22884	59111
South Carolina	5406	28394	6576	5193	30.21	722	674904	10129	24370	105341
South Dakota	305	2344	495	398	30.08	70	49245	1988	2759	15076
Tennessee	7129	50510	11294	8957	28.85	1081	1089151	19650	48375	122060
Texas	14386	88740	19966	16203	29.94	2346	2075367	35872	65140	271678
Utah	3158	17537	3733	2944	36.60	342	461607	10083	11823	37248
Vermont	1334	7069	1562	1394	34.54	90	195694	3387	8053	11021
Virginia	4494	22470	4767	3786	29.58	593	477657	8028	24898	150410
Washington	9929	52309	10939	11173	33.01	1987	1590227	36464	68173	234636
West Virginia	4437	30203	6877	5619	24.37	343	583663	10656	17613	66403
Wisconsin	11394	46330	9809	8640	42.81	752	1511197	32877	55583	224473
Wyoming	475	2040	677	618	37.59	63	98184	2378	4450	10777

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $36,814 in payments under extended duration provisions of State laws in Puerto Rico.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of *Unemployment Insurance Statistics* are available upon request to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C. 20210.

Selected Unemployment Insurance Statistics, Federal Programs [1]
June 1966

State	UCFE					UCX				
	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/
Total	9578	78605	17844	$1255376	$41.46	12616	74123	16455	$2872338	$39.67
Alabama	186	1000	173	24053	31.57	259	1618	316	46344	33.80
Alaska	119	1807	446	79649	40.60	36	279	59	10144	38.87
Arizona	228	1074	233	40233	39.25	231	1212	242	41472	39.01
Arkansas	74	942	121	16299	30.58	113	598	107	15975	34.06
California	1198	14664	3835	594784	53.02	2710	14873	3976	830277	47.46
Colorado	98	496	108	20422	45.38	169	624	139	26133	42.84
Connecticut	53	397	81	16548	46.22	113	338	58	10274	39.98
Delaware	4	72	7	1338	44.60	35	126	23	4056	40.56
Dist. of Col.	187	3058	827	162881	45.03	80	464	97	17884	41.98
Florida	181	1042	128	16433	29.14	287	1064	196	27587	31.95
Georgia	191	1274	222	32242	33.03	191	1175	247	36966	34.01
Hawaii	78	1011	288	61481	48.45	124	779	173	38868	51.14
Idaho	28	132	21	3088	33.57	78	219	46	8175	40.67
Illinois	336	2709	566	88112	35.40	387	1404	271	45389	39.08
Indiana	78	535	104	16699	36.45	169	584	108	17557	36.81
Iowa	31	223	47	7810	38.10	98	219	44	8438	43.72
Kansas	52	376	73	12284	38.15	90	425	103	19505	42.87
Kentucky	139	1005	209	30890	33.58	292	2299	549	89997	37.27
Louisiana	127	1054	201	25442	28.72	201	1398	300	48883	37.09
Maine	39	263	54	7182	30.18	64	173	30	4548	34.45
Maryland	146	719	173	29849	39.17	192	656	143	24716	39.36
Massachusetts	346	5173	1314	272711	47.33	335	1887	447	88793	45.19
Michigan	176	1036	210	37509	40.68	473	1612	337	62480	42.10
Minnesota	71	658	154	17963	26.49	178	861	205	31984	35.45
Mississippi	99	873	222	26846	27.45	114	478	97	12637	29.53
Missouri	169	1093	232	35216	32.55	299	1198	237	39269	37.65
Montana	37	384	87	12389	32.35	38	199	48	7120	33.43
Nebraska	33	420	121	17558	32.88	27	126	31	4892	35.71
Nevada	57	334	74	14057	43.25	63	298	68	12636	42.26
New Hampshire	22	77	14	2577	42.25	30	43	12	2378	45.73
New Jersey	220	1784	408	82134	45.81	377	2324	575	106987	42.32
New Mexico	73	524	118	16362	31.40	166	824	157	23216	33.65
New York	1284	10041	2008	360626	40.81	929	4904	953	155251	37.01
North Carolina	259	1166	266	39278	33.51	176	1051	223	38145	38.92
North Dakota	20	148	25	4404	39.68	29	183	30	5170	39.47
Ohio	189	1150	277	44282	36.30	584	2266	390	66928	38.98
Oklahoma	97	1034	237	29913	29.68	152	1242	237	31685	30.44
Oregon	102	612	149	21745	33.10	175	559	108	19139	40.12
Pennsylvania	407	4099	814	129023	36.02	1055	4908	1014	169740	39.06
Puerto Rico	124	673	144	17835	29.18	237	5259	1202	168538	31.87
Rhode Island	40	1069	248	50334	46.22	72	334	72	12446	42.28
South Carolina	87	628	127	17815	31.93	155	777	153	25079	37.26
South Dakota	27	209	47	5667	32.05	22	138	29	4365	33.84
Tennessee	180	2541	630	99127	35.75	296	2208	463	69729	34.20
Texas	308	3260	729	105747	32.35	598	4140	963	150532	35.54
Utah	90	738	149	22801	34.75	77	447	87	13903	36.30
Vermont	13	184	40	7105	40.14	16	70	14	2450	40.83
Virginia	134	1178	204	31803	35.49	159	1016	180	27836	35.24
Virgin Islands	0	0	0	0	0	2	19	5	910	43.33
Washington	225	2945	714	121786	39.79	354	1421	343	57987	38.43
West Virginia	41	268	49	4390	20.51	294	1669	330	35283	32.08
Wisconsin	80	470	97	15823	37.23	191	1028	200	45586	40.05
Wyoming	9	83	23	3831	37.93	24	107	25	4056	37.21

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, became effective January 1, 1955, and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

Income-Maintenance Program Operations
All Programs

	1966		1965	
	March	February	March	February
Total Public Income-Maintenance Payments (millions)	$3,533	$3,472	$3,197	$3,126
Old-age, survivors, and disability insurance	1,644	1,645	1,408	1,397
Railroad and public employee retirement	1/550	1/547	1/483	1/480
Unemployment insurance, temporary disability insurance, workmen's compensation, training benefits (ARA and MDTA)	2/466	2/442	2/500	2/460
Veterans' compensation and pension programs	371	358	345	342
Public assistance	502	480	461	447
Old-Age, Survivors, and Disability Insurance				
Total beneficiaries (thousands)	21,348	21,215	19,990	19,921
Retired workers	11,274	11,234	10,772	10,737
Survivors and dependents	9,051	8,969	8,301	8,274
Disabled workers	1,023	1,012	917	910
Total monthly benefits (millions)	3/$1,553	3/$1,544	3/$1,344	3/$1,338
Retired workers	949	945	839	835
Survivors and dependents	504	500	421	420
Disabled workers	100	99	84	83
Public Assistance				
Total recipients (thousands)	8,279	8,303	8,333	8,233
Federally aided programs	7,568	7,589	7,524	7,433
Aid to families with dependent children--children	3,446	3,435	3,361	3,312
Total recipients	4,576	4,562	4,492	4,424
Old-age assistance	2,107	2,105	2,152	2,150
Other federally aided programs	1,274	1,298	881	858
General assistance: Cases	321	319	359	353
Recipients	712	714	809	801
Total payments (millions)	4/$502	4/$480	4/$461	4/$447
Federally aided programs	468	450	426	413
General assistance	23	22	24	23

Operations Under Area Redevelopment and Manpower Development and Training Acts

	Total		ARA*		MDTA	
	April 1966	March 1966	April 1966	March 1966	April 1966	March 1966
Total paid trainees	67,253	69,090	222	284	67,031	68,806
Youths	17,374	18,888	NA	NA	17,374	18,888
Total initial trainees	10,804	12,939	NA	NA	10,804	12,939
Youths	2,768	3,704	NA	NA	2,768	3,704
Total net benefits	$12,213,476	$14,064,198	$28,047	$40,519	$12,185,429	$14,023,679
Training allowances	8,882,199	10,017,580	28,047	40,519	8,854,152	9,977,061
Youth allowances	1,623,462	1,970,044	NA	NA	1,623,462	1,970,044
Subsistence allowances	934,801	1,128,780	NA	NA	934,801	1,128,780
Transportation allowances	773,014	947,794	NA	NA	773,014	947,794

NOTE. --This will be the last time these data will be shown in this table. Information contained in this section will be found in Table 40, "Summary of MDTA Cost and Payment Data," of Unemployment Insurance Statistics.

Temporary Disability Insurance Activities Under State and Railroad Programs

	First claims received		Weeks compensated		Benefits paid		Benefits paid	
	April 1966	March 1966	April 1966	March 1966	April 1966	March 1966	April 1965	March 1965
California								
State plan								
Basic benefits	50,870	65,263	281,392	332,699	$15,603,059	$18,483,161	$16,265,974	$17,952,251
Additional hospital benefits	5/29,326	5/35,547	6/212,939	6/255,742	2,555,268	3,068,904	2,222,796	3,047,520
Private plan	3,973	4,786	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)
New Jersey								
State plan	8,174	9,731	60,456	67,306	2,377,745	2,644,505	2,237,850	2,570,048
Private plan	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)
New York	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)
Rhode Island	3,039	3,612	28,419	33,395	1,006,698	1,190,335	944,159	1,067,762
Railroad								
Sickness	8,804	9,757	8/81,460	9/104,164	2,391,831	3,388,669	2,686,378	3,394,936
Maternity	105	135	8/1,720	9/2,164	126,603	154,017	142,829	154,023

1/ Data not comparable with earlier reports. Effective January 1964, Federal noncontributory and State and local retirement systems previously included with the data for unemployment insurance, temporary disability insurance, and workmen's compensation are included with railroad and public employees retirement systems.

2/ Data for temporary disability insurance and workmen's compensation include estimated payments made by private insurers and self-insurers in accordance with law.

3/ Current payment status, excludes lump sum and retroactive payments and adjustments for over and under payments.

4/ Total exceeds sum of items because of inclusion of vendor payments, not shown in detail.

5/ Represents the number of payments made. 6/ Days for which additional hospital benefits were paid. 7/ Data not available.

8/ Estimated from data "benefit periods" compensated which number 40,730 for sickness and 860 for maternity.

9/ Estimated from data "benefit periods" compensated which number 52,082 for sickness and 1,082 for maternity.

NA--Not applicable. *ARA program transferred to MDTA after June 30, 1965. These data represent ARA projects approved prior to July 1, 1965.

U.S. GOVERNMENT PRINTING OFFICE: 1966 O—230-508

This report summarizes the major coverage, benefit, and eligibility provisions of State unemployment insurance laws in effect at the end of 1963 and 1965, and gives a number of statistical measures of recent experience under these provisions.

A brief text interprets data in the tables and includes significant legislative amendments in 1966 (through July) that affect benefit rights.

Included in the statistical measures are data, by State, on the average weekly wage in covered employment, the average and maximum weekly benefit amount, average weeks of potential duration and average weeks of benefits, and the proportions of claimants receiving benefits for specified numbers of weeks.

Single copies of *Summary Tables for Evaluation of Coverage and Benefit Provisions of State Unemployment Insurance Laws, as of December 31, 1965* (BES No. U–256) may be obtained without cost, as long as supplies permit, by writing to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C. 20210.

UNITED STATES
GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS
WASHINGTON, D.C. 20402

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE $300
(GPO)

The *Unemployment Insurance Review* is published by the Unemployment Insurance Service of the Bureau of Employment Security with the cooperation of the State employment security agencies and is distributed without charge to personnel of the national and State employment security offices. It is also available on subscription at $3 a year (single copies 30 cents) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. In countries other than the United States, Canada, and Mexico, annual subscription is $4.

Subscribers should remit directly to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402.

Communications regarding editorial matters should be addressed to *Unemployment Insurance Review*, Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., 20210.

Opinions of authors not connected with the Bureau of Employment Security are their own and do not necessarily reflect the views of the *Unemployment Insurance Review* or of the Bureau of Employment Security.

Use of funds for printing this publication approved by the Director of the Bureau of the Budget, January 10, 1964.